



**STRATEGY AND POLICY  
REVIEW COMMITTEE**

**AGENDA**

**5 FEBRUARY 2007**

## Strategy and Policy Review Committee

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### Welcome

Welcome to this Strategy and Policy Review Committee Meeting of the Port Phillip City Council.

Committee Meetings are a useful way for Councillors to be presented with, and consider, a large amount of information, from which a recommendation to the full Council can be made. They also allow the public to be involved in the process and for you to work with Council towards making Port Phillip a great place to live and work.

### About this meeting

There are a few things to know about tonight's meeting. The first page of tonight's Agenda itemises all the different parts to the meeting. Some of the items are administrative and are required by law. In the agenda you will also find a list of all the items to be discussed this evening.

Each item has a report written by a Council officer outlining the purpose of the report, all relevant information and a recommendation. The Committee will consider the report and either accept the recommendation or make amendments to it.

As this Committee does not have delegated authority, all decisions of the Committee are not final and will be presented to the next Ordinary Meeting of Council for further refinement and adoption.

A recommendation is carried if it receives majority support of the Councillors in attendance at the Committee meeting.

### Speaking at this meeting

Provision is made at the beginning of the meeting for a question time from members of the public.

If you would like to ask a question or address the Committee on any of the items discussed tonight, please fill in the blue 'Do You Wish to Speak' form located outside the chamber and give it to the Administrative Officer or any Council officer present.

When your item is being discussed the Chairperson will call your name and ask you to address the Committee. You will have 3 minutes to speak. The Committee welcomes all contributions, however if somebody has already raised an issue you agree with, there is no need to repeat it. Rest assured we take everything on board!

It may seem intimidating to address the Committee but we assure you, you're in a very relaxed environment! By attending this meeting you are playing a very important part in the democratic process. We hope it proves to be a rewarding experience.



CITY OF PORT PHILLIP

# **PORT PHILLIP CITY COUNCIL**

## **STRATEGY AND POLICY REVIEW COMMITTEE**

**To Councillors**

Notice is hereby given that a meeting of the **Strategy and Policy Review Committee** of the **Port Phillip City Council** will be held in the **Council Chamber, St Kilda Town Hall** on **Monday, 5 February 2007 commencing at 6.00pm.**

### **AGENDA**

- 1. APOLOGIES**
- 2. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS**  
Minutes of the Strategy and Policy Review Committee held on 4 December 2006.
- 3. CORRESPONDENCE**
- 4. PUBLIC QUESTION TIME**
- 5. COUNCILLOR QUESTION TIME**
- 6. PRESENTATION OF REPORTS**
  - 6.1 Policy and Planning**
  - 6.2 Governance and Compliance**
- 7. CHIEF EXECUTIVE OFFICER'S REPORT**
- 8. REPORTS BY DELEGATES (COUNCILLOR) APPOINTED TO OTHER BODIES**
- 9. URGENT BUSINESS**
- 10. PRESENTATION OF CONFIDENTIAL REPORTS**
  - 10.1 Policy and Planning**
  - 10.2 Governance and Compliance**

David Spokes  
Chief Executive Officer  
30 January 2007

# STRATEGY AND POLICY REVIEW COMMITTEE

## REPORT INDEX

### 6. PRESENTATION OF REPORTS

#### 6.1 POLICY AND PLANNING

##### A1 ENERGY REVOLVING FUND

**Responsible Executive Director:** David Yeouart, Executive Director  
Community Assets and Services

**Recommendation:** That an Energy Revolving Fund be established.

##### A2 LOCAL ACTION ON CLIMATE CHANGE

**Responsible Executive Director:** David Yeouart, Executive Director  
Community Assets and Services

**Recommendation:** Council note the findings of the report on Climate Change.

##### A3 AMENDMENT C57 – ORMOND ROAD URBAN DESIGN GUIDELINES

**Responsible Executive Director:** Geoff Oulton, Executive Director  
Community Development and Planning

**Recommendation:** That Council consider submissions made to Amendment C57 and resolve to request the Minister for Planning to appoint an independent Panel to consider the submissions.

#### 6.2 GOVERNANCE AND COMPLIANCE

##### A4 MID YEAR BUDGET 2006/2007

**Responsible Executive Director:** Sally Calder, Executive Director  
Organisation Systems and Support

**Recommendation:** Council adopt the 2006/2007 Mid year budget forecast changes as outlined within the body of this report and the Attachments, as well as the changed recommended to the Capital Works program.

## 6. PRESENTATION OF REPORTS (CONT)

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### A5 QUATERLY MANAGEMENT REPORT

**Responsible Executive Director:** Sally Calder, Executive Director  
Organisation Systems and Support

**Recommendation:** That Council adopt the quarterly management report for the half year ended 31 December 2006.

### A6 ST KILDA TOWN HALL ACCOMMODATION PROGRESS AND SOUTH MELBOURNE TOWN HALL FAÇADE RENOVATION

**Responsible Executive Director:** David Yeouart, Executive Director  
Community Assets and Services

**Recommendation:** That the Council resolve to make provision for additional contingencies with a provisional sum of \$500,000 for the St Kilda Town Hall project within the mid year budget.

### A7 AUDIT COMMITTEE ACTIVITIES UPDATE AND 2006 ANNUAL REPORT TO COUNCIL

**Responsible Executive Director:** Sally Calder, Executive Director  
Organisation Systems and Support

**Recommendation:** Council receive and note the 2006 Annual Report of the City of Port Phillip Audit Committee and also note the activities undertaken at the December 2006 meeting of the Committee.

### A8 PROPOSED DISCONTINUANCE OF ROW NO. R2135 & ROW NO. 395 & ROW NO. 3651

**Responsible Executive Director:** David Yeouart, Executive Director  
Community Assets and Services

**Recommendation:** That statutory procedures to discontinue the Rights of Way No's. R2135 rear of 98-100 Bay St, Port Melbourne and 395 rear 1 & 3 Odessa St, St Kilda and R3651 abutting 1 Odessa St, St Kilda be completed.

### A9 2008 GENERAL VALUATION

**Responsible Executive Director:** Sally Calder, Executive Director  
Organisation Systems and Support

**Recommendation:** To undertake a General Valuation for 2008 as legally required, appoint the Valuers, advise relevant rating authorities, and receive declarations from the valuation team.

**6. PRESENTATION OF REPORTS (CONT)**

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**10. PRESENTATION OF CONFIDENTIAL REPORTS**

**10.1 POLICY AND PLANNING**

Nil.

**10.2 GOVERNANCE AND COMPLIANCE**

**A10 TENDER NO. 0920 – CIVIL INFRASTRUCTURE MAINTENANCE &  
CONSTRUCTION SERVICES**

**Responsible Executive Director:** David Yeouart, Executive Director  
Community Assets and Services

*Please note this item is classified as a Confidential Item in accordance with Section 89 (2) d of the Local Government Act 1989*

**A11 PRELIMINARY TENDER EVALUATION REPORT – CONTRACT 0915:  
CONSTRUCTION OF ST KILDA FORESHORE PROMENADE**

**Responsible Executive Director:** David Yeouart, Executive Director  
Community Assets and Services

*Please note this item is classified as a Confidential Item in accordance with Section 89 (2) d of the Local Government Act 1989*

**STRATEGY AND POLICY REVIEW COMMITTEE**  
**5 FEBRUARY 2007** **POLICY AND PLANNING**

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A1 ENERGY REVOLVING FUND  
LOCATION/ADDRESS: N/A  
RESPONSIBLE EXECUTIVE DIRECTOR: DAVID YEOUART, EXECUTIVE  
DIRECTOR COMMUNITY ASSETS AND  
SERVICES  
AUTHOR: LALITHA RAMACHANDRAN, PROJECT  
MANAGER SUSTAINABILITY  
FILE NO.:  
ATTACHMENTS: N/A

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**EXECUTIVE SUMMARY**

This report recommends the establishment of an ongoing **Energy Revolving Fund (The Fund)** to reduce greenhouse gas emissions and increase energy efficiency in Council operations and services. This is the first time Council is being presented with a proposal to consider such a Fund.

Energy efficiency is one of the great 'elegant solutions' in that it generally results in direct and measurable operational energy cost savings (energy running costs), and can sometimes reduce ongoing maintenance costs as well.

The proposed Fund will capture and isolate the **operational energy cost savings resulting from energy efficiency retrofits made within Council**, regardless of the source. It will then verify and utilise the resulting annual savings to progress further energy efficiencies. This report also recommends initial seed funding to kick-start the Fund.

The proposed Fund will form a key aspect of Council's **Energy Management System**. The system uses rigorous energy data and measurement formats to identify where effective energy efficiencies can be introduced. It also provides a clear and verifiable cost-benefits analysis and business case of the resulting energy cost savings and the payback period for each action. To this end, it supports the Fund's capacity to deliver effective and relevant energy efficiency outcomes that result in verifiable operational energy cost savings.

A primary aim of the Fund is not so much to create cost savings from identified energy inefficiencies, but to divert these savings to fund the creation of Council assets that are energy efficient. The Fund will also remove the pressure for funding energy efficiency retrofits from annual budgets.

The Fund will target existing Council buildings, facilities and services. It will not target new assets because the *Sustainable Design Strategy* and the *Sustainable Environment Strategy* provide Council's policy umbrellas for minimum environmental considerations in the development of new assets. In other words, these will already be energy (and energy running cost) efficient from their completion. There will also be no energy cost savings from previous operations as the asset will be new.

## BACKGROUND AND CONTEXT

### .1. Energy Revolving Funds a Long Established Practice

The model Fund presented in this report is well researched and successfully utilised by several Australian and international Cities and state governments. The City of Newcastle (NSW) was the first Australian Council to introduce an Energy Revolving Fund in 1997 and the Shire of Nillumbik (VIC) is the latest, initiating its Energy Revolving Fund with seed funding in July 2006.

Council's recommended format – that the Fund be a key aspect of Council's Energy Management System – is adapted from the collective global lessons in operating and utilising revolving funds. As such, the proposed Fund format presented attempts to ensure a well-developed, supported and accountable framework for implementation.

### .2. On-going Policy & Strategy

The proposed Fund will enable more efficient delivery of Council's current policy, which are as follows.

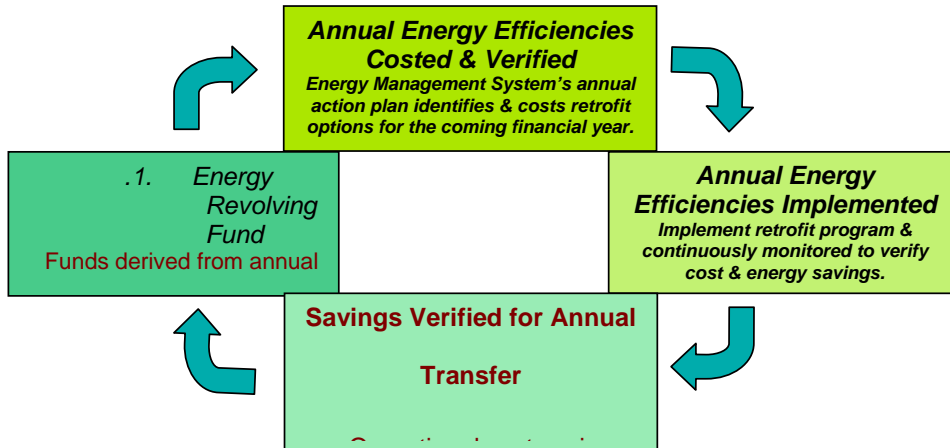
- **Sustainable Environment Strategy & Challenge 2** – Both commit Council to building a more environmentally sustainable City and community, with energy efficiency being a primary aim.
- **Greenhouse Gas Abatement Strategy** – Strategy for Council's energy efficiency and greenhouse gas reduction actions and systems, in line with commitments and targets under the *Cities for Climate Protection Program*.
- **Sustainable Design Policy and Strategy 2006** – Both require Council assets to meet environmental efficiency standards under the STEPS tool.

### .3. Capacity for Energy Efficiency in Current Council Assets

Almost 50% of Council's energy use (electricity and gas) is in Council buildings and facilities. Most of these are existing buildings and will remain so. Whilst there have been some initial lighting and de-lamping efficiencies introduced at some of Council's major sites, Council's buildings and facilities largely offer significant scope for energy efficiency improvements. Audits through Council's Energy Management System have identified several opportunities to increase efficiency whilst generating operational energy cost savings in areas such as lighting and heating efficiency. For instance, an audit of IT efficiency in mid 2006 demonstrated formats to save about 1% off Council's energy bill per annum at no extra capital cost – half of which has been achieved already. Similarly, a lighting audit and costing of retrofit options for Port Melbourne Town Hall demonstrates an over 50% increase in lighting efficiency and a payback period of just under 14 months – this alone will save about 25% off the Port Melbourne Town Hall's energy use costs.

RECOMMENDED OPTION

- .4. This Revolving Fund **identifies and captures operational energy cost savings** (running costs) resulting from energy efficiency retrofits. The Fund then utilises the resulting energy cost savings to gain further energy efficiencies. The model below demonstrates how the Fund would work –



.5. **How the Energy Revolving Fund is funded -**

The Energy Revolving Fund **captures all energy cost savings in Council operations and services resulting from energy efficiency retrofits**, regardless of whether they are funded with the Energy Revolving Fund or not. For instance, the Fund will capture all energy cost savings resulting from the energy efficiency retrofit of Albert Park Library through the *Building Tune Up program*, or incremental energy efficiencies from staff behaviour change from the *Natural Way of Working* (green office) program, despite neither being resourced by the Fund.

Each year, current funds in the Energy Revolving Fund are committed to an audited and costed energy efficiency retrofit plan. Once implemented, the subsequent operational cost savings are monitored and verified, then approved for annualised return to the Fund. Over any year, there may also be energy efficiency gains as a result of external grant funded retrofits or behaviour change – these generally demonstrate in the use levels and subsequent energy use bills, with any savings also monitored, verified and approved for annualised return to the Fund.

The annualised return through operational cost savings is then revolved into Fund. This in turn, supports further audited and costed energy retrofit plans.

The Energy Revolving Fund **will initially require seed funding** of around \$30,000 to kick-start the energy efficiency implementation plan. Beyond seed funding, the Fund will be self-funding. Only verified savings are transferred to the fund. The fund balance is then re-invested in further energy savings measures. There are an estimated \$100,000 recurrent savings in the fund after 5 years (Please see table below).

**AGENDA - STRATEGY AND POLICY REVIEW COMMITTEE - 5 FEBRUARY 2007  
POLICY AND PLANNING**

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Year & Annual Retrofit Plan	Annual Energy Efficiency Costs		Annual Cost Savings <i>Current savings + New savings = Annual total savings over following yr</i>	Fund Balance (end of current year)
		Externally funded retrofits		
1. ERF funded retrofits - rate of return 2. Externally funded retrofits – rate of return				
Year 1 –Seed year = (2006/07) 1. Lighting retrofit x 7 facilities – 45% ror 2. Albert Park Library retrofit – 50% ror	- \$20,000 (\$10,000 rem)	- \$15,000	Nil current + \$9,000 + \$7,500 new = <u>\$16,500 (following yr)</u>	\$10,000 rem + nil savings <u>\$10,000 balance</u>
Year 2 (2007/08) 1. Lighting retrofit remaining & HVAC – 45% ror 2. 2 x facilities HVAC retrofit – 40% ror	-\$10,000 (nil rem)	- \$35,000	\$16,500 current + \$4,500 + \$14,000 new = <u>\$35,000 (following yr)</u>	\$nil rem + <u>\$16,500 savings</u> <u>\$16,500 balance</u>
Year 3 (2008/09) 1. ERF retrofit (HVAC x 1) – 35% ror 2. Externally funded retrofit – 60% ror	- \$15,000 (\$1,500 rem)	- \$40,000	\$35,000 + \$5,000+\$24,000 new = <u>\$64,000 (following yr)</u>	\$1,500 rem + <u>\$35,000 savings</u> <u>\$36,500 balance</u>
Year 4 (2009/10) 1. ERF retrofit (HVAC x 1) – 35% ror 2. Externally funded retrofit - nil	- \$30,000 (\$6,500 rem)	----	\$64,000 + \$10,500 new = <u>\$74,500 (following yr)</u>	\$6,500 rem + <u>\$64,000 savings</u> <u>\$70,500 balance</u>
Year 5 (2010/11) 1. ERF retrofit (HVAC x 2) – 35%ror 2. Externally funded retrofit – 30% ror	- \$50,000 (\$20,500 rem)	- \$30,000	\$74,500 + \$17,500 + \$9,000 new = <u>\$101,000 (following yr)</u>	\$20,500 rem + <u>\$74,500 savings</u> <u>\$95,000 balance</u>

**.6. How are energy and cost savings and efficiencies identified and verified?**

By combining the Fund with rigorous data systems and auditing processes, maximum energy and cost savings are delivered. Council's Energy Management System, developed in 2006, now provides for detailed and accurate auditing of each building's energy efficiency based on both identified energy use as well as energy use costs. This allows detailed analysis of four critical aspects to inform which retrofit actions are taken –

- where energy (electricity and gas) is used, why and how much
- Where energy inefficiencies are occurring, why it is occurring (eg. behaviour, technology, system inefficiencies), and how significant this inefficiency is to overall building energy use – this allows for strategically targeted actions and sets the parameters for the level of action to be taken.

- The capacity to identify and cost options according to cost of retrofit (capital and contractors), and effectiveness of action – level of energy and energy costs saved, what operational cost savings can be gained, and clearly costed options for energy efficiency measures and technology, with a measurable and verifiable rate of return on each investment
- The capacity to accurately measure and verify the effectiveness of each energy efficiency retrofit – level of energy and energy costs saved and maintained. It also assists in identifying any inefficiencies that occur with the improper set-up of new technology or controls.

This approach allows Council to strategically and accurately identify and implement energy efficiency retrofits as part of its **Energy Management System**, supported by clear and feasible business cases as well as measurable and verifiable energy and cost savings. This will be an essential aspect of implementing a successful Energy Revolving Fund.

#### **.7. Making the business case**

The format for the provision of the business case for each annual retrofit plan to be resourced by the Fund is as follows.

- Council's Energy Management System is utilised in verifying which actions are producing energy and cost savings.
- The System will also be used to provide a cost-benefits analysis between business-as-usual and at least two energy efficiency options – it is intended that the most environmentally AND cost-efficient options with good payback periods that also abate greenhouse gas emissions are preferred. It also allows balance between actions with shorter and longer payback periods, which maintains a healthy Fund.
- The annual energy efficiency retrofit will largely work to upcoming schedules for building upgrades or renovations in an effort to rationalise overall cost efficiencies and avoid retrofits to buildings to be significantly redeveloped within 3-5 years.
- The business case will also outline any potential cost or maintenance increases or decreases to other operational costs as a result of an energy efficiency action. Cost blowouts in other operational areas are largely unlikely to occur. The primary additional cost outcome may be additional staff and contractor time spent in developing management and maintenance expertise in new technology.
- All additional costs associated with the Energy Revolving Fund retrofits will be calculated along with the verified savings. Only net savings will be transferred to the fund thereby ensuring that there is no new cost burden to the organisation.

#### **.8. What the Fund covers and does not cover -**

The Fund targets existing Council buildings and facilities. This will benefit current annual regimes in building and maintenance and asset design and delivery by deferring some of the energy technology and infrastructure costs to the Fund.

Equally, the Fund will not be used to substitute what is expected good general practice in maintenance and design regimes – for instance, bulb replacement with energy efficient lighting or triple A-rated taps and showerheads.

Council's *Sustainable Environment Strategy (SES)* and *Sustainable Design Strategy (SDS)* require all new capital works and major redevelopments requiring a planning permit, to meet minimum standards for sustainable built form. This will be through –

- the use of the SDS tool at the design phase,
- Sustainability Checklists on resource efficiencies to be gained from the outset,
- The provision of modelling assistance to project leaders of new capital works and assets in calculating life cycle analysis and resource efficiencies to assess upfront building efficiencies.

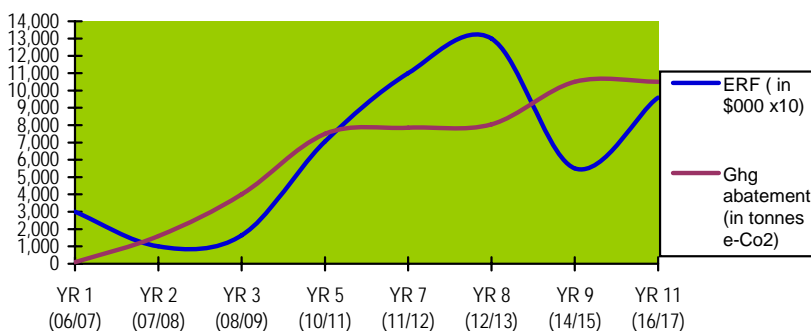
In effect, new capital works will not be resourced by the Fund, as they will be meeting high and rateable standards of energy efficiency (at least 5 star) in the first place.

**.9. What happens over time as energy efficiencies increase and greenhouse gas emissions and energy costs decrease?**

The chart below demonstrates the correlation between the Energy Revolving Fund and the strategic abatement of Council's greenhouse gas emissions.

If well applied, the Energy Revolving Fund will, in its first 5 years, capture the largest energy cost savings with the best rates of return, while abating significant greenhouse gas emissions. It will also achieve a healthy annualised return on energy cost savings (please see table above).

As Council's operations and services become more energy and cost efficient, the capture of both greenhouse gas emissions as well as the rate of return on **new** energy efficiencies decreases. Over this period, the Energy Revolving Fund will finance larger and more sophisticated energy efficiency projects at much smaller rates of return, but with the capacity to significantly reduce remaining greenhouse gas emissions in Council operations and services. For instance, it may become a tri-annual retrofit program and can, in effect, be perpetual as a Fund. Were Council to achieve significant greenhouse gas abatement and best practice energy efficiency standards in all its buildings and facilities, the Fund will be referred back to Council with a series of alternative options for consideration.



**.10. Perceived benefits of the Energy Revolving Fund –**

- Significant greenhouse gas emissions abatement from Council operations and services, in line with Challenge 2 and *Sustainable Environment Strategy* commitments
- Net increased asset value and operational efficiency of Council facilities and buildings over time at no additional cost (beyond seed funding)
- Better integration of service delivery aspects between business units
- Strategic, measurable, costed and verifiable annual energy efficiency retrofit program.

**.11. Criteria for recommendation**

The Energy Revolving Fund is a significant instrument in achieving the aims and priorities of the -

- Sustainable Environment Strategy
- Sustainable Design Strategy
- Challenge 2 deliverables
- Procurement Policy.

**.12. Sustainability assessment**

Economic Pillar	<ul style="list-style-type: none"> <li>• No net increase in Council expenditure on operational improvements (as Fund revolves savings from energy use reductions into further energy efficiencies)</li> <li>• Removes the need for separate annual funding for the majority of energy improvements in existing buildings and facilities</li> <li>• Can be utilised as matching funding for external greenhouse abatement grant funds that may be available from time to time</li> <li>• Reduces resource pressures on Building &amp; Maintenance, Asset Planning and Asset Design &amp; Delivery in delivering sustainability aims.</li> <li>• Allows energy efficiency retrofits to be timed in with annual Works programs.</li> </ul>
Environmental Pillar	<ul style="list-style-type: none"> <li>• Allows strategically planned annual energy efficiency retrofits that would not otherwise be possible</li> <li>• Allows Council to more easily achieve its greenhouse abatement targets.</li> </ul>

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Cultural Pillar	<ul style="list-style-type: none"> <li>• Demonstrates good governance and leadership to the community in Council buildings and facilities becoming energy efficient</li> <li>• Supports Council's provision of community facilities through eventually lowered operational costs to Council and facility managers.</li> </ul>
Social Pillar	<ul style="list-style-type: none"> <li>• Will eventually provide Council buildings and facilities with more ambient light and air quality, resulting in better workplace and facilities lighting, heating and cooling.</li> <li>• Generally promotes healthier indoor spaces which are more conducive to well-being</li> <li>• Greenhouse gas abatement to reduce Council's ecological footprint and climate change impacts.</li> </ul>

**.13. Policy and legislative implications**

The Energy Revolving Fund is a significant instrument in assisting in the achievement of the following Council policies and priorities:

- Sustainable Environment Strategy
- Sustainable Design Strategy
- Challenge 2 deliverables
- Procurement Policy.

**.14. Risk implications**

From a risk perspective, the Fund needs to make demonstrable savings in order to continue to operate. To this end, it provides a minimal risk to Council's ongoing resources.

There is the (very minimal) risk of the Fund failing to gain any savings of significance. In this event, while it may 'lose' initial seed funding and possible energy cost savings, these resources will still have been invested in improving the efficiency of some Council assets.

Provided the Fund is framed as proposed, backed up by an integrated Energy Management System (capacity, to measure, cost and verify), and is not applied to new capital works, there is almost no risk that an energy efficiency action might be undertaken that results in an associated operational cost increase or blow-out.

**.15. Resource implications**

The Energy Revolving Fund will require initial seed funding of \$30,000. This allows the kickstart of low-cost, high rate-of-return energy efficiency investments, resulting in high energy cost savings returned quickly to the fund.

Beyond seed funding and the capture of savings resulting from energy efficiency retrofits, the Energy Revolving Fund will pose no net increase in Council expenditure on operational improvements. This removes the need for separate annual funding for the majority of energy improvements in existing buildings and facilities.

The Fund will require minimal administration as it simply supports an annual retrofit program (costed and verified) and has all verification of the savings gained provided by the Energy Management System. To this end, it is estimated that beyond the set-up of the Fund and cost savings verification process, it will require very little additional staff or resource costs. Instead, it is likely to enable increased efficiency and effectiveness in developing good Council assets.

Over time, the Energy Revolving Fund will provide for operational improvements across Council facilities and buildings that result in a net increased asset value and operational efficiency at no additional cost. This also allows Council to negotiate better facility lease, hire and management arrangements.

Lower than expected expenditure for public lighting has led to an identified surplus in the operating budget of the Infrastructure & Environment Department. It is proposed that this surplus be transferred to the Energy Revolving Fund as seed funding.

**ALTERNATIVE OPTIONS**

Council can choose not to adopt this model as a format for achieving its greenhouse gas abatement aims while funding its technological energy improvements.

Few alternatives exist that will deliver both more energy efficient buildings as well as greenhouse gas abatement quickly and resource-efficiently – these are outlined below.

- Dependency on external grant funding – state and federal energy efficiency incentives and grants have largely moved away from financing Council retrofits. In short, this alternative provides for the possibility of an occasional energy efficiency retrofit grant but no progressive energy efficiency works program.
- New dedicated annual Council expenditure on energy efficiency retrofits – this option requires not only an increase in budget expenditure but will be much less likely to provide growing capital funds for energy efficiency retrofits
- Do nothing or business-as-usual – this is the current option, which relies more heavily on maintenance and asset delivery budgets and external grants, and generally will not provide more than small, one-off retrofits.

Without such an instrument as the Fund, Council will find it difficult to gain demonstrable progress in its energy efficiency aims. Most significantly, the Fund utilises the energy cost savings gained – as such, it is a dedicated and financially sustainable Fund without any actual increase to Council budget expenditure.

## **PARTICIPATION AND ENGAGEMENT**

### **Internal**

To date, Environmental Policy and Planning have only consulted formally with the Executive Team.

There has been informal consultation with Finance, Sustainable Design, Sustainable Transport, Asset Planning and the Sustainable Environment Consultative Committee. All were in agreement that an Energy Revolving Fund would enable rather than hinder the achievement of Council priorities, and was an effective and efficient instrument for delivering energy efficiency.

### **External**

To date, Environmental Policy and Planning have consulted with Nillumbik Shire Council, Newcastle City Council and the Municipal Association of Victoria on the set up and implementation of an Energy Revolving Fund. These consultations were largely to gain advice on the best formats and learnings in develop the Fund for the city of Port Phillip.

## **RECOMMENDATION**

1. That the Council resolve to establish an Energy Revolving Fund which will capture and isolate operational energy cost savings resulting from energy efficiency gains made within Council, regardless of the source.
2. That Council resolve to approve seed funding of \$30,000 to be transferred to the fund from operating surpluses in the Infrastructure and Environment Department's budget as soon as possible, to enable the implementation of the first costed and verified annual energy retrofit works program by May 2007.
3. That the Council resolve to approve that verified recurrent savings from energy efficiency actions, regardless of the source, be transferred on an annual basis to the Fund for re-investment in further energy efficiency measures.

**STRATEGY AND POLICY REVIEW COMMITTEE**  
**5 FEBRUARY 2007** **POLICY AND PLANNING**

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A2 LOCAL ACTION ON CLIMATE CHANGE  
LOCATION/ADDRESS: N/A  
RESPONSIBLE EXECUTIVE DIRECTOR: DAVID YEOUART, EXECUTIVE  
DIRECTOR COMMUNITY ASSETS AND  
SERVICES  
AUTHOR: ROB PALMER, MANAGER  
INFRASTRUCTURE & ENVIRONMENT &  
LALITHA RAMACHANDRAN, PROJECT  
MANAGER SUSTAINABILITY  
FILE NO.:  
ATTACHMENTS: CLIMATE CHANGE IN THE CITY OF  
PORT PHILLIP – AN INITIAL  
PERSPECTIVE

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**EXECUTIVE SUMMARY**

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This (Attachment 1) is an inaugural climate change report to Council.

It aims to provide Council with advice on the impacts of climate change on the City of Port Phillip and recommend a *Climate Action Plan* that targets council operations, as well as community capacity.

In summary, the report finds that global warming is already occurring and will profoundly change the planet and climate within the next 20-30 years. This will have irreversible impacts and consequences on growth, development and vital resources, unless we act now.

Local impacts include risks to foreshore activities, assets and infrastructure.

International consensus on the magnitude of action required includes:-

- **Acting immediately to reduce global greenhouse gas emissions**, by the equivalent of about 75% of current emissions within the next 2-3 decades (or 25% decrease in global emissions in the context of a world economy in 2050).

This level of abatement is an unprecedented challenge and is only the necessary, first step in mitigating further global warming. It also means taking immediate adaptation action, within the next decade, to invest in and foster the tools and technology for a transition into low-carbon, climate-adept future – the Stern Review recommends a 2-5 fold increase in investment in green energy technology alone.

The significant and urgent challenges, resulting from climate change, provides an opportunity for Council to demonstrate leadership and good governance in enabling the solutions and tools to building a low-carbon, climate-adept City.

The report recommends a series of actions for Council to consider and commit to, over the next 3-4 years.

These include:-

- Abatement and adaptation,
- Assessments of current management plans,
- The development of new tools, and
- A community climate action campaign.

There are significant implications for both the organisation and the community in terms of climate change, as well as actions.

As climate change does not begin or end at municipal or regional boundaries, Council will also face new challenges in forging regional, national and international collaborations and networks in order to develop an effective global response through local solutions abatement and adaptation.

## BACKGROUND AND CONTEXT

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### Council Plan Initiative

During the 2005 Council planning process, the prospect of impending climate change and potential local impacts was raised.

In particular, there was the question of the impact of climate change on Council's Infrastructure and other assets. This found expression in the current Council Plan as *-Recognising the city's coastal location, undertake a literature search on the impact of climate change on the city and advise the council of any implications arising.*

During February-September 2006, Council established energy and water use data systems that established Council had reduced its greenhouse gas emissions (16% less than in 1996) and water use (39.4% less than in 2001).

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This was followed by data collation on community energy and water use.

As a municipality, water use has decreased by about 20% over the last five years but greenhouse gas emissions has risen significantly, to 28% more than in 1996.

\*\*In September 2006, Council commissioned the **NATCLIM** research group (Earth Systems & Planning Research Centre, University of Sydney) to develop a climate change case study for the City of Port Phillip, to provide an initial assessment of local climate change impacts and the resulting planning considerations for Council.

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NATCLIM is a major research project that seeks to gather data at a local, municipal level in order to understand the local impacts of climate change and how to best plan for the likely effects. Council was briefed on the project on 2 October 2006.

Completed in January 2007, the report provides an initial assessment of potential climate issues and their associated risks for this City; the consequences on impact areas – built environment, water management, transport infrastructure, tourism and the natural environment and the resulting abatement recommendations, for

Council to consider in actively reducing the City's exposure to climate change.

\*\* Council is currently in the process of updating its umbrella strategy on environmental sustainability - the *Toward Zero - Sustainable Environment Strategy 2007 (draft)*. The SES sets clear targets, timelines and directions for nine key sustainability challenges. These include greenhouse gas abatement, water conservation and reuse, and climate adaptation.

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### Emerging Global Consensus on Climate Change

Over the past 6 months, some clear and convergent directions on climate action have emerged, as a result of three significant events or reports.

They are:-

#### □ **The Fourth IPCC Report on Climate Change –**

The final report will be released in early February 2007 but its' initial assessment findings, on climate change, are that climate change is accelerating and there is now a greater risk of reaching the upper limits of estimated temperature rises for the second half of this century.

It is also anticipated that on current trends, we will have doubled carbon dioxide levels in the atmosphere to 550-600 parts per million by 2050 (since pre-industrial times) – this equates to a 3-6°C rise in global average temperature.

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#### □ **The Stern Review of the Economics of Climate Change –**

Commissioned by the British Exchequer and prepared by Sir Nicholas Stern, it was released in October 2006. It looks at the global consequences of climate change as well as greenhouse gas abatement and climate adaptation action on the planet, people and the economy.

The Stern Review gives an international and regional focus on the scale and tools of abatement and adaptation required within the next decade. It also provides the implications on government and economic policy and decision-making.

In essence, the Review argues for a strong global response to greenhouse gas abatement and investment in green energy technology within 10-20 years to avert the worst impacts of climate change. Stern recommends acting now at a cost of around 1% global GDP per year and a 2-5-fold increase in investments in low-carbon technology.

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#### □ **UNFCCC Twelfth Convention of Parties on Climate Change –**

Held in Nairobi, in December 2006, a primary outcome was a consensus that a 2°C temperature rise is now the aspirational target for climate stabilisation by 2050.

This equates to seeking to limit the atmospheric levels of Co2 to 450ppm and aligns with the Stern Review and IPCC Report findings.

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It endorses the need to dramatically cut greenhouse gas emissions over the next 10-20 years to 25% below current levels by 2050.

In real terms, this is the equivalent of abating over 75% of greenhouse gas emissions (on 2000 levels) in order to stabilise Co2 concentrations in the atmosphere by 2050.

### **A Shift in Community Concern**

In recent months, there has been unprecedented shift in community concern and understanding of climate change, reflected by increased queries on climate change, as well as requests for assistance.

This could be attributed to several factors, none of which alone would have produced such a shift.

From September/October 2006 onwards, climate change has taken a prominent place in the thinking of the community, as reflected by the almost daily commentary of both the print and electronic media.

Some of the factors leading to this shift are:

- Increasing community concern over climate change and its emerging impacts
- An Inconvenient Truth – the release of both the film and the book by Al Gore confronted people with the seriousness of climate change in powerful and new ways.
- The worst drought in living memory – widespread and worsening drought in Australia provided tangible experience of the effects of climate change. Increasing water restrictions, an early and extreme fire season and hardship on the land, provide daily reminders of climate change and its effects.

### **RECOMMENDED OPTION**

#### **Climate Change in the City of Port Phillip – an initial perspective**

This report aims to provide an overview of the local climate change impacts and the resulting consequences and challenges facing the City.

It also aims to provide some clear emerging directions, considerations and implications for Council and its' community.

##### **Part 1**

Executive Summary – Provides all findings and conclusions at the global and local levels and provides seventeen (17) recommendations as an Action Plan for timely Council assessment and consideration

##### **Part 2**

Gives an overview of the scientific and economic case for local and global action on climate change. It explains the causes and effects of climate change. It also includes the outcomes of the UNFCCC 12<sup>th</sup> Convention of Parties at Nairobi in December 2006.

##### **Part 3**

An examination of the City of Port Phillip's climate footprint – greenhouse gas emissions, water use and availability, climate change impacts and

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their associated risks (NATCLIM report), and the resulting climate challenges faced by the City.

Part 4

The emerging policy and strategy directions – for Australia and internationally and some emerging directions for Council collaboration and advocacy on climate change.

Part 5

An outline of current Council actions and recommendations, forming an Action Plan for Council assessment, consideration and actions between 2007-2010 to achieve a comprehensive action plan of local, regional and global greenhouse gas abatement and climate adaptation.

**An Opportunity for Council Leadership**

To date, Council has demonstrated community stewardship and good governance in the greenhouse gas abatement and water conservation areas through awareness, information and community behaviour change programs.

Largely, these programs have focused on community awareness and self-help.

Climate change adaptation, across the municipality, is an entirely new sustainability challenge for Council.

As such, **Council has an opportunity to show leadership through more comprehensive greenhouse gas abatement, water conservation and the introduction of climate change adaptation for the City.**

Climate change discourse can often result in alarmist or doomsday community views that leave individuals, groups and communities feeling helpless, ineffective or disengaged from the 'problem'.

While we are facing significant climate change challenges, they are not currently insurmountable.

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Council's governance, leadership, advocacy and capacity building roles are primarily about enabling –

- *Community engagement with the solutions to abatement and adaptation*
- *The community to undertake and increase actions that work*
- *Key stakeholder and regional collaboration to leverage shared investment and resources in developing a low-carbon, climate-adept City and community.*

There is the opportunity for Council to engage with the community in a different way, through a **Community Climate Action Campaign**.

This is one of the seventeen (17) recommendations in the attached report – a draft outline is provided in Appendix 3.

An initial campaign would target individual, neighbourhood and community awareness and capacity to undertake abatement and adaptation measures. It would include a Community Climate Forum and a Community Climate Action Kit.

### **Further opportunities**

The most significant opportunities are those provided by the potential for regional collaboration and advocacy to -

- Leverage the development of good public policy and investment in local sustainability action;
- Strategically pursue change strategies and public policy changes that enable local abatement and adaptation and
- Develop local innovation and tools.

Longer-term community campaigns that can build on an initial Community Climate Action Campaign include:-

- [.15.1.](#) Carbon Challenge 1000 – encourages energy efficiency and greenhouse abatement champions across the municipality
- [.15.2.](#) Water Challenge 1000 – encourages water efficiency and reuse champions across the municipality
- [.15.3.](#) Sustainable Precincts – encouraging community collaboration and cooperation to achieve local adaptation and abatement.

### **Criteria for recommendation**

The recommendations of the Climate Change Report provide a significant and strategic Action Plan of the assessment and consideration of current and emerging Council activities to become a low-carbon, climate adept City and community.

This Action plan is important in progressing the aims and priorities of the –

- Council Plan
- Council Challenge 2
- Environmental Pillar.

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**Sustainability assessment**

Economic Pillar	<ul style="list-style-type: none"> <li>• Net increase in Council expenditure on abatement and adaptation measures.</li> </ul> <p>However, a business-as-usual approach will result in considerably more expenditure on abatement and adaptation measures in 10-15 years.</p> <ul style="list-style-type: none"> <li>• Fiscally responsible, as it assesses the consequences of climate change on local assets, infrastructure, systems and activities of value.</li> </ul>
Environmental Pillar	<ul style="list-style-type: none"> <li>• Allows a strategic and effective approach to climate change and its associated abatement and adaptation measures.</li> <li>• Takes a responsible and precautionary approach to climate change.</li> <li>• Net increase in policy and program requirements.</li> </ul>
Cultural Pillar	<ul style="list-style-type: none"> <li>• .Demonstrates good governance and leadership to the community</li> <li>• Builds community capacity</li> </ul>
Social Pillar	<ul style="list-style-type: none"> <li>• Provides an equitable format for enabling community climate action.</li> </ul>

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**Policy and legislative implications**

As outlined in the **Recommendations for Assessment and Action** (refer the Executive Summary of the Climate Change Report), there are several policy and legislative implications across a number of different Council areas .

For instance, the implications are that Council assess the adequacy of its drought and stormwater management plans in view of estimated climate change impacts.

As outlined in the recommendations, Council is asked to consider implementation of the recommendations in a timely manner.

These assessments, undertaken over the next six (6) months, will require extensive cross-Council consultation and provide a more comprehensive picture of the policy and legislative implications.

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**Resource implications**

While climate change action will have resource implications, until a closer assessment as outlined in the recommendations is made, it is impractical to estimate the resource implications.

The opportunity to influence behaviour change in the community is unique, given a new level of concern about climate change.

The resource implications associated with new broad-scale campaigns should be referred to the findings of the recommendations of the report.

### **ALTERNATIVE OPTIONS**

This is Council's inaugural Climate Change Report and one of the first Local Government climate change assessments performed in Australia.

There are no alternatives offered, at this time.

### **PARTICIPATION AND ENGAGEMENT**

This initial report, discussion paper and set of action recommendations have just been completed and are presented to Council, in the first instance.

As such, the findings should trigger a comprehensive cross-council consultation process.

It is recommended that this process is undertaken during February and March 2007, ahead of a scope and assessment of implications for each of the recommendations and a further report to Council.

#### **Internal**

The people who will be engaged with in relation to this issue include City Development, Asset Planning, Building & Maintenance, Asset Design & Delivery, Statutory Planning, Strategic Planning, Business & Tourism and other Environment Units such as Sustainable Transport and Sustainable Design.

The primary aims of consultation will be to share the findings and develop formats for assessing climate change consequences on council assets and capacity, ahead of the scope and assessment of implications for the recommendations.

#### **External**

The external organisations who will be engaged with in relation to this issue are:

- The Association of Bayside Municipalities
- IMAP
- Department of Sustainability & Environment, Melbourne Water and Sustainability Victoria.
- The Municipal Association of Victoria.

It is intended that these organisations be briefed on the report and consulted on the emerging opportunities for regional collaboration, investment in local abatement and adaptation outcomes and advocacy priorities.

The Sustainable Environment Consultative Committee will also be consulted.

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## COMMUNICATION

Some sections of the NATCLIM report on local climate impacts contain sensitive information which needs to be assessed from a risk perspective before being made available to the community.

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With regard to community concern and awareness, the Community Climate Action Campaign is seen as a primary vehicle for communication.

## RECOMMENDATIONS

It is recommended that Council:

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1. Notes the findings of the report on climate change; which recognises that global warming is already occurring and will profoundly change the planet and climate within the next 20-30 years, which will have irreversible impacts and consequences on growth, development and vital resources unless we act now to abate greenhouse gas emissions and become climate-adept.

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2. Undertakes a comprehensive analysis of the implications of the following recommendations and develops an action plan on climate change and that, a further report be brought to Council advising of their cost implications, resources required and the frameworks for how these can most efficiently be employed.

3. Further considers the recommendations of the Report, as the basis for an assessment and action plan on climate change, which will include the following:

4. Council will work with key state, federal and regional stakeholders, with a view to gaining the following outcomes across the municipality by 2020, as outlined in its *Sustainable Environment Strategy 2007* –

- 50% reduction in community greenhouse gas emissions by 2020 (from 2000 levels)
- 50% reduction in community water use by 2020 (from 2000 levels)

5. Council will initiate a Community Climate Campaign to manage community concerns and expectations regarding climate change, as well as enable community capacity in greenhouse gas abatement and climate adaptation.

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6. Council considers the following targets for its corporate activities in its *Sustainable Environment Strategy 2007* –

- Zero greenhouse gas emissions by 2020
- 70% reduction in potable water use by 2020 (on 2000 levels)

7. Council enhances its' development of energy efficient facilities, infrastructure and street lighting through Council's *Energy Management System*

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8. Council enhances its' development of sustainable and low-emissions transport modes and infrastructure, in collaboration with key stakeholders

9. Council develops a strategy to move toward onsite, grid-connected renewable energy generation for its buildings and facilities

10. Council enhances its' use of recycled water and stormwater for irrigating public parklands, reserves, parks & gardens, in collaboration with key stakeholders

11. Council enhances its' development of water-wise and drought-tolerant parks, gardens, reserves and water management systems

**AGENDA - STRATEGY AND POLICY REVIEW COMMITTEE - 5 FEBRUARY 2007**  
**POLICY AND PLANNING**

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- [12.](#) Council promotes water-sensitive urban design in all council developments and redevelopments and planning requirements.
13. Council promotes water-sensitive urban design to develop a City with increased permeability, reduced water needs, & climate adept systems & infrastructure across the municipality
14. Council advocates to expand the scope of NATCLIM, regionally to the Association of Bayside Municipalities (ABM) to provide the following primary outputs –

  - Comprehensive local climate data, modeling and research across Port Phillip Bay over the next 4 years
  - A Local Government climate risk assessment tool to strategically identify priorities & develop solutions
  - Regional collaboration to achieve the remaining recommended outputs.
- [15.](#) Council undertakes an assessment of Council infrastructure with regard to the capacity to be climate-adept – this includes an assessment of Council's storm water and drainage systems, road infrastructure, in identified risk areas such as coastal roads and low-lying areas and coastal public amenities
- [16.](#) Council undertakes an assessment of Council assets with regard to capacity to be climate adept – this includes most of Council's public buildings, coastal parks and reserves and recreational facilities along the foreshore.
- [17.](#) Council undertakes an assessment of Council's management plans and contracts with regard to managing climate change impacts, particularly in - drought management, beach cleaning and maintenance, vegetation management, site development or redevelopment.
- [18.](#) Council advocates for changes to state planning policy for sustainable and climate-adept built form through the planning and zoning process.
- [19.](#) Council considers the development of a planning tool that works side-by-side with the STEPS/SDS tool to assist all developments, redevelopments & renovations in the municipality to become more sustainable and climate-adept.
- [20.](#) Council undertakes an assessment of the local economic and social effects of climate change with regard to primary council units, such as Business & Tourism and Aged Care Services.
- [21.](#) Council Increased efforts to regionally advocate for and collaborate on, climate change action through Council's current regional Local Government forums such as IMAP (Inner Melbourne Action Plan) and ABM (Association of Bayside Municipalities).

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**STRATEGY AND POLICY REVIEW COMMITTEE**  
**5 FEBRUARY 2007** **GOVERNANCE AND COMPLIANCE**

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A4 MID YEAR BUDGET 2006/2007

LOCATION/ADDRESS:

RESPONSIBLE EXECUTIVE DIRECTOR: SALLY CALDER, EXECUTIVE DIRECTOR,  
ORGANISATIONAL SYSTEMS &  
SUPPORT

AUTHOR: DAVID FILMALTER, MANAGER FINANCE  
& INVESTMENTS

FILE NO.:

ATTACHMENTS: 1. SUMMARY OF OPERATING BUDGET  
FORECAST CHANGES  
2. REVISED RATE DETERMINATION  
STATEMENT  
3. CAPITAL WORKS EXPENDITURE  
VARIATIONS

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1. KEY ISSUES

- 1.1. Council officers carried out a structured mid year review of their budgets in accordance with directions from the Executive Team and the Manager, Finance and Investments.
- 1.2. This review emphasised the importance of ensuring that the revenue and expenditure forecasts fairly present the expected full year financial results and the amended revenue and expenditure forecasts have been reviewed by the Executive Team and the Manager, Finance and Investments.
- 1.3. **Attachment 1** summarises the operating budget changes that have been recommended as a result of this review. The review has identified \$4.231M of expenditure savings and additional revenue, including \$770K of additional open space contributions which will be transferred to the resort and recreation reserve. These savings have been applied towards unfavourable permanent budget variances of \$1.83M.
- 1.4. The overall impact of the revenue and expenditure review combined with the 2005/06 carry over surplus is a projected \$1.415M accumulated budget surplus for the full year. This is a \$491K increase on the original budget that projected a surplus of \$924K for the full year. This is summarised in **Attachment 2**.
- 1.5. The mid year budget includes a number of forecast changes to the original budget the most significant being:
  - 1.5.1. An increase of \$1M in rates revenue due to the impact of supplementary rates.

- 1.5.2. Interest received increased by \$600K due to increased funds being available for investment.
  - 1.5.3. A reduction in insurance premiums of \$100K due to high performance in insurance audits reducing renewal premium costs.
  - 1.5.4. An increase of \$770K in open space contributions due to higher than anticipated contributions received for Port Melbourne and Elwood.
  - 1.5.5. Parking Infringement Notice (PIN) income increased by \$200K due to higher than projected fine values (ie. increased from \$50 per ticket to \$54).
  - 1.5.6. Increased fees and charges from street occupation (\$150K) due to the Coles, Clarendon Street and Red Bears developments, as well as increased asset protection fees of \$120K.
  - 1.5.7. An increase in professional fees of \$150K for St Kilda's Edge as a result of proposed changes to the tendering process that may require additional legal and commercial advice
  - 1.5.8. An increase in Children Centres' net operating costs (which includes a loss of revenue) of \$390K due to the closure of Coventry and Clark Street centres, for renovations, and the temporary shutdown of the West St Kilda Children's Centre as a council run facility.
  - 1.5.9. A net saving of \$132K on the St Kilda Festival as a result of a change in sponsorship arrangements.
  - 1.5.10. An increase of \$104K in IT costs relating to maintenance, and software costs, as well as the data lines cost for the library internet connection.
- 1.6.** Full details of the proposed changes to the budget are set out in **Attachment 1**.
- 1.7.** The proposed forecast changes will have a favourable impact on the 2006/07 budget, however this will be partially offset by proposed additional funding for the capital works program of \$940K. \$860K of this additional funding relates to the Coventry Street Children's Centre (\$377K) and Ada Mary A'Beckett Child Care Centre (\$483K) which will be funded from the Council's general reserves. Details of the changes recommended to individual projects contained within the capital works budget are set out in Attachment 3. At this stage projects with a value of \$450K have been identified for carry over into 2007/2008.
- 1.8.** A proposed increase in IT capital expenditure of \$200K relating to software licensing fees and firewall expenditure has also been identified which will have an unfavourable impact on the overall 2006/07 budget.
- 1.9.** Apart from the transfers in and out of reserves that reflect the funding of the Child Care capital works increases and the transfer of additional open space income to the resort and recreation reserve no changes have been made to the budgeted reserve transfers.

**2. CONTEXT**

The original 2006/2007 budget contained stringent expenditure targets that were set by the Executive Team and approved by Council, following the extensive reviews of past and future performance.

**3. PROPOSAL**

That Council adjusts its budget forecast to reflect the changes in the full year expenditure and revenue estimates that have arisen as consequence of this review.

**4. POLICY IMPLICATIONS**

This report and the recommendations arising from it do not have a direct impact on Council policy.

**5. SUSTAINABILITY IMPLICATIONS**

This report contains a number of proposals that are designed to contain costs across the organisation. There has been extensive consultation through the Executive Team to ensure that these measures do not impact on the ongoing sustainability of services provided by Council under the four pillars of sustainability.

**Social**

There will be no direct impact on Council's social equity pillar as a result of adopting the revised budget forecast, as there will be no impact on current service levels.

**Economic**

Council's ongoing economic viability will not be compromised as a result of the adoption of the mid year budget.

**Environmental**

Council's environmental responsibility pillar will not be impacted as a result of the adoption of the mid year budget.

**Cultural**

There will be no direct impact on Council's cultural vitality pillar as a result of adopting the revised budget forecast, as there will be no impact on current service levels.

**6. RESOURCE IMPLICATIONS**

The variances identified by the mid year review have been classified as one offs (\$750K net favourable) and ongoing (\$1.651M net favourable).

All ongoing variances will be taken into account for the purpose of setting forward revenue and expenditure budget targets.

**7. INTERNAL CONSULTATION**

- Councillors
- Executive Team

**8. EXTERNAL CONSULTATION**

N/A.

**9. IMPLEMENTATION**

Council approval of the mid year budget forecasts will result in future financial performance being reported against the revised budget forecast.

This will be implemented with effect from the January Monthly Management Report and March Quarterly Management Report, which will be presented to Council in the April reporting cycle.

**10. CONCLUSION**

Financial performance for the balance of the financial year will be reported against the revised budget forecast.

**11. COMMUNICATION**

Following Council adoption of the mid year budget forecast, detailed advice will be provided internally to affected officers by the Finance & Investments department.

**12. RECOMMENDATION**

- That Council adopt the 2006/07 mid year budget forecast as outlined in the body of this report and Attachments 1 and 2, and approve the favourable and unfavourable variances as outlined in these Attachments.
- Council adopt the changes recommended to the Capital Works program as outlined in Attachment 3.

**STRATEGY AND POLICY REVIEW COMMITTEE**  
**5 FEBRUARY 2007** **GOVERNANCE AND COMPLIANCE**

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<b>A5</b>	<b>QUARTERLY MANAGEMENT REPORT</b>
<b>LOCATION/ADDRESS:</b>	
<b>RESPONSIBLE EXECUTIVE DIRECTOR:</b>	<b>DAVID SPOKES, CHIEF EXECUTIVE OFFICER</b>
<b>AUTHOR:</b>	<b>DAVID SPOKES, CHIEF EXECUTIVE OFFICER</b>
<b>FILE NO.:</b>	<b>N/A</b>
<b>ATTACHMENTS:</b>	<b>DECEMBER 2006 QUARTERLY MANAGEMENT REPORT</b>

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**1. KEY ISSUES**

- 1.1. The Quarterly Management Report aims to provide Council with a summary of the major areas of activity and operational performance for the quarter ended 31 December 2006.
- 1.2. To provide Council with details and reasons for significant variances against the budget position.
- 1.3. To inform Council on the major organisational achievements and challenges for the quarter.
- 1.4. To present council with a summary of its capital works delivery, corporate plan and governance issues for the quarter ended 31 December 2006.

**2. CONTEXT**

- 2.1. Council has been receiving a comprehensive financial report on a quarterly basis since the commencement of the 2003/04 financial year.
- 2.2. Officers have reviewed their financial performance and provided reasons for major variances against budget, details of which are contained in the body of the report.

**3. POLICY IMPLICATIONS**

- 3.1. This report and the recommendation arising from it do not have a direct impact on Council policy.

**4. SUSTAINABILITY IMPLICATIONS**

**Social**

Council's performance against a range of social indicators is set out in the body of the report.

**Economic**

Council's net operating surplus for the half year ending 31<sup>st</sup> December 2006 is \$19.891M favourable. This result is \$8.184M favourable compared to the projected surplus of \$11.707M due to a number of offsetting variances, the most significant being:

- Rates income being \$601K more than forecast mainly due to \$529K impacting supplementary rates, which will be adjusted for as part of the mid year budget process; and additional income received for Special rates schemes (Acland Street, Fitzroy Street and Bay Street), partially offset by \$99K unfavourable interest on overdue rates.
- Interest income being \$401K more than forecast due to extra funds being available for investment. This will be adjusted for as part of the mid year budget review.
- Open Space Contributions being \$761K more than forecast due to increased activity in the Port Melbourne area. These funds will be transferred to reserves.
- Government Grants \$547K more than forecast due to the early receipt of grants for Street & Beach cleaning (\$187K); as well as additional funding being received for Vic Roads (\$108K), Childrens' Centres (\$101K) and for Recycling Collection (\$57K).
- Capital Grants \$1.62M more than forecast due to the receipt of funding from DHS for Woodstock Rooming House to be offset against spending on Community Housing. This will be transferred to the housing reserve.
- Fees & charges \$680K more than forecast due to street occupation fees (\$671K) which have increased as a result of the Coles, Clarendon Street and Red Bears developments.
- Other Income \$774K favourable due to unbudgeted sale of right of ways (\$187K), which will be transferred to reserves, insurance premium reimbursements (\$100K) and St Kilda Festival income (\$250K).
- Contract Payments \$1.44M less than forecast due to temporary favourable variances within Building Maintenance (\$651K), FRH Standard roads (\$338K), Child Care maintenance (\$156K), Valuations (\$89K) and Building control (\$237K). These are expected to realign with the budget by the end of the financial year.
- Employee costs \$412K less than forecast due to favourable variances on salaries and wages (\$250K), redundancy costs (\$133K) and fringe benefits tax (\$73K).
- Insurance \$320K less than forecast due to the need to hold a settlement provision of 50% of all outstanding claims.

- Materials and other costs \$480K less than forecast due to favourable contributions & donations (\$174K), lease charges (\$124K), staff training (\$72K) and materials (\$68K).
- Capital Works expenditure & capital carry over (05/06) is \$3.2M more than budget. This is due to the low proportion of the capital budget being phased in the first half of the financial year, and the extra focus concentrated on delivering carry forward projects.
- Capital expenditure is \$389K less than budget due to under expenditure on plant & equipment and motor vehicles.
- Net transfers from reserves are \$674K favourable compared to the YTD budget. Transfers from general reserves are \$1.43M favourable which is primarily due to the reversal of year end accruals for tied grants and the IT carry over. This favourable variance is partially offset by developer contributions that are \$761K greater than budget and when transferred to statutory reserves result in an unfavourable variance.

**Environmental**

Council's performance against a range of environmental indicators is set out in the body of the report.

**Cultural**

Council's performance against a range of cultural indicators is set out in the body of the report.

**5. INTERNAL CONSULTATION**

Executive Team.

**6. RECOMMENDATION**

That the Quarterly Management report from the CEO detailing Council's financial and operating performance for the quarter ending 31 December 2006 be adopted.

**STRATEGY AND POLICY REVIEW COMMITTEE**  
**5 FEBRUARY 2007** **GOVERNANCE AND COMPLIANCE**

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<b>A7</b>	<b>AUDIT COMMITTEE ACTIVITIES UPDATE &amp; 2006 ANNUAL REPORT TO COUNCIL</b>
<b>LOCATION/ADDRESS:</b>	<b>N/A</b>
<b>RESPONSIBLE EXECUTIVE DIRECTOR:</b>	<b>SALLY CALDER, EXECUTIVE DIRECTOR ORGANISATION SYSTEMS &amp; SUPPORT</b>
<b>AUTHOR:</b>	<b>NORM MCCLELLAND, GOVERNANCE ADVISOR</b>
<b>FILE NO.:</b>	<b>34/04/25</b>
<b>ATTACHMENTS:</b>	<b>2006 CITY OF PORT PHILLIP AUDIT COMMITTEE ANNUAL REPORT TO COUNCIL</b>

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**1. EXECUTIVE SUMMARY**

- 1.1. To present to Council the City of Port Phillip Audit Committee Annual Report for 2006.
- 1.2. To bring to the attention of Council the matters discussed at the December 2006 meeting of the Audit Committee.
- 1.3. A copy of the Annual Report is attached.
- 1.4. The minutes of the December 2006 meeting have been circulated to all Councillors.

**2. BACKGROUND**

- 2.1. The City of Port Phillip Audit Committee Terms of Reference require that the Audit Committee report annually to Council, summarizing the activities for that year. The attached Annual Report encompasses the activities of the Audit Committee from January to December 2006.
- 2.2. Council resolved on 18 December 1996 that it be advised of all matters considered by the Audit Committee. This report also advises Council of all matters discussed at the meeting held on Tuesday 12 December 2006.
- 2.3. The Best Practice Guidelines for Local Government Entity Audit Committees and Internal Audit, November 1999, recommend:
  - 2.3.1. that minutes and a report explaining specific recommendations and key outcomes should be forwarded to the next Council meeting after each Audit Committee meeting; and
  - 2.3.2. that Audit Committees should report annually to their Councils summarizing their activities.

**AGENDA - STRATEGY AND POLICY REVIEW COMMITTEE - 5 FEBRUARY 2007**  
**GOVERNANCE AND COMPLIANCE**

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- 2.4. This report complies with the requirements of the Audit Committee Terms of Reference, the Council resolution and the Best Practice Guidelines for Local Government Entity Audit Committees and Internal Audit.

**3. RECOMMENDED OPTION**

- 3.1. Council receive and note:
- 3.1.1. the 2006 Annual Report of the City of Port Phillip Audit Committee; and
  - 3.1.2. the report outlining the matters considered by the Audit Committee at its December 2006 meeting.

**4. CONTEXT**

- 4.1. The external membership of the Audit Committee remained unchanged during 2006, that is, Mr John Warburton was Chairperson of the Committee, the other external member was Mr Graham Lockwood and Council was represented by the Mayor and the Executive Director Corporate Management.
- 4.2. Mr Warburton resigned from the Committee at the end of 2006 and the new Chairperson of the Committee commencing at the first meeting in 2007 is Mr Ray Liggett.
- 4.3. The 2006 Annual Report provides a detailed overview of the activities of the Audit Committee for the year, including the audits conducted during the year, as well as, outlining how the Committee fulfilled the responsibilities detailed in its Charter.
- 4.4. The tenure of the Committee is ongoing as Council is required by section 139 of the Local Government Act 1989 to have an Audit Committee.
- 4.5. Matters considered by the Audit Committee at its December 2006 meeting were:
- 4.5.1. **Annual Work Plan** - the Committee reviewed the 2006 Work Plan and noted that it had addressed all the matters outlined in the Plan.
  - 4.5.2. **Internal Audit Program 2004/2006** – the Committee reviewed the program for 2006 and noted that only one audit had not been conducted and that it would be undertaken in early 2007.
  - 4.5.3. **IT Controls Review** - the Manager Information Systems provided a project plan addressing proposed actions to address projects within the IT Strategy. The Committee was advised that the project plan had not yet been adopted by the Executive Management Team and it was subject to the adoption of the IT Strategy which the Executive was currently considering. The project plan will be inspected by the Internal Auditor as part of a review currently being undertaken.
  - 4.5.4. **Leave Accruals** - the Audit Committee received an update of the number of staff with excessive balances of accrued annual leave and noted that the number of staff with excessive leave balances traditionally reduces over the December/January period. The Committee encouraged Managers to continue to

manage the level of annual leave accruals within their departments.

- 4.5.5. **Risk Management & Insurance Update** - the Committee received a report updating the activities of the Risk Management and Insurance Department. The Committee was advised that:
- there had been an upgrade to the risk management software program
  - more attention needed to be devoted to risk awareness in the staff induction program
  - the Risk Department was developing a response sheet to the most frequently asked insurance questions
  - the "Making an Insurance Claim" document has been updated
  - the CMP and JMAP risk and insurance audits were conducted during December 2006.

The Committee also advised that Council should reflect on the "big issue" risks that could occur and identify and consider strategies to mitigate such events.

- 4.5.6. **OH&S Annual Update** - the Occupational Health and Safety Consultant gave an overview of the year's activities including the following:
- there has been substantial changes to OH&S legislation – senior managers and councillors have undertaken training, the staff induction process has been updated to encompass the changes, all staff will receive training and all documentation will be updated by early 2007.
  - there are less reported injuries to date in 2006/07 than for the same period in 2005/06. It is to be reinforced with OH&S committee members that not reporting workplace injuries is not good worksafe practice.

- 4.5.7. **South Melbourne Market Update** - the Committee was provided with an update of:
- the status of debtors
  - the control of trades personnel used by stallholders
  - the upgrade works currently being undertaken

The Committee was advised that the market upgrade was a difficult process that was being well managed by Council staff.

- 4.5.8. **CEO's Quarterly Management Report to Council** - the Committee received the September 2006 Quarterly Management Report which included updates on Best Value requirements and St Kilda's Edge. The Committee also discussed overhead allocations and how each Business Unit Manager could get a true cost of running their respective departments.

- 4.5.9. **Capital Works Process Review** - The Committee received an Internal Audit report on Council's Capital Works Process. The main concern raised by the Internal Auditor was that since 1996 a significant percentage of the capital works budget was being carried over into subsequent financial years and that capital projects are allocated to a 12 month period without realistic commencement and completion of projects. The Committee sought and received an assurance that implementing the audit recommendations should resolve the problems. The Committee advised that Council needs to consider the need of the project and the capacity of the project to be delivered. The Committee stated that this audit would be treated as a work in progress and that it would determine early next year when an update was required.
- 4.5.10. **National Competition Policy Compliance** - the Committee received a report regarding Council's compliance with National Competition Policy compliance and whether it has the processes in place to support the Chief Executive Officer's annual compliance sign-off. The report recommended that Council should provide more documentation to support the formalised process.
- 4.5.11. **Audit Committee Annual Report 2006** - the Committee received a draft of its annual report to Council and was advised that it would be updated with the activities of this meeting and any amendments requested by the members, and redistributed to the members for signing.
- 4.5.12. **Other Business** - as this was his last meeting, the Chairperson stated that he had very much enjoyed his time on the Port Phillip Audit Committee and that his resignation from the Committee was prompted by his heavy workload. He thanked the Port Phillip staff and auditors for their support during his term of office. On behalf of the Councillors and the organisation, the Mayor thanked Mr Warburton for his leadership as Chairperson of the Committee and the scrutiny applied to Council's processes.

## **5. SUSTAINABILITY ASSESSMENT**

- 5.1. This report has no direct effect on the four pillars, however, the activities of the Audit Committee do impact on the pillars.

### **Social**

Some of the matters dealt with by the Audit Committee are concerned about the well-being and safety of the community. Risk Management for example not only deals with risks, both financial and non-financial that directly impact upon Council, but is also designed to discover risks in the community over which Council may have some influence.

### **Economic**

Audits undertaken by the Internal Auditor usually do contain comments regarding cost issues that will come under the close scrutiny of the Audit Committee. Furthermore, the Audit Committee has in the past encouraged Council to question the relevance of the services it provides.

**Environmental**

Where possible the Audit Committee will question staff about environmental impacts that may eventuate as a result of the activities of the Council.

**Cultural**

- 5.2. The Audit Committee is concerned that the organization has in place processes that promote good corporate governance so that the operations of the Council are transparent, as well as, effective.

**6. POLICY AND LEGISLATIVE IMPLICATIONS**

- 6.1. This report is presented in accordance with the Terms of Reference of the Audit Committee and in response to a previous resolution of Council. The recommendation of this report has no impact on existing policy, nor does it create any new policy.

**7. RESOURCE IMPLICATIONS**

- 7.1. The 2006 Audit Committee Annual Report and the matters considered by the Audit Committee at its December 2006 meeting have no immediate resource implications.

**8. PARTICIPATION AND ENGAGEMENT**

**8.1. Internal**

- 8.1.1. Council staff are invited to attend Audit Committee meetings or submit reports to address specific issues on the agenda.
- 8.1.2. During 2006 the Mayor and Executive Director Corporate Management were the Council representatives on the Audit Committee. The CEO was invited to attend meetings as a guest.

**8.2. External**

- 8.2.1. Where appropriate, the Audit Committee will invite representatives from external organizations, namely auditors, insurers, etc., to seek information and/or clarification on various matters.
- 8.2.2. There are two external members on the Audit Committee, one being the Chairperson.
- 8.2.3. Council's Internal Auditor attends all meetings of the Audit Committee and provides information and advice as requested.

**9. CONCLUSION**

- 9.1. The Audit Committee will continue to:
- 9.1.1. respond to requests for advice from Council;
- 9.1.2. review all matters that it considers to be within its Responsibilities and Terms of Reference; and
- 9.1.3. report to Council annually, as well as, advise Council about its activities.

**10. RECOMMENDATION**

10.1. That Council receive and note:

- 10.1.1. the 2006 City of Port Phillip Audit Committee Annual Report to Council (attached) detailing the activities of the Committee for the year including the internal audits undertaken and how the Committee meets the responsibilities within its Charter; and
- 10.1.2. the report outlining the matters considered by the Audit Committee at its December 2006 meeting, including issues such as the annual work plan, the internal audit program, excessive leave accruals, the risk management and insurance update, the OH&S annual update, South Melbourne Market update, IT controls update, the September 2006 CEO Quarterly Report to Council, the capital works process review and the review addressing compliance with National Competition Policy.

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**STRATEGY AND POLICY REVIEW COMMITTEE**  
**5 FEBRUARY 2007** **GOVERNANCE AND COMPLIANCE**

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**A8** **PROPOSED DISCONTINUANCE OF RIGHT OF WAY NO. R2135 AND RIGHT OF WAY NO. 395 AND R3651**

**LOCATION/ADDRESS:** REAR 98-100 BAY ST, PORT MELBOURNE & REAR AND ABUTTING 1 ODESSA ST AND REAR 3 ODESSA ST, ST KILDA

**RESPONSIBLE EXECUTIVE DIRECTOR:** DAVID YEOUART, EXECUTIVE DIRECTOR, URBAN SERVICES

**AUTHOR:** TOULA KOTSABOUKIS, TECHNICAL LIAISON OFFICER, INFRASTRUCTURE & ENVIRONMENT

**FILE NO.:** 0470/098-01 & 78/11/395-01

**ATTACHMENTS:** SITE PLAN AND PHOTOGRAPH

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**1. EXECUTIVE SUMMARY**

This report is to finalise the discontinuance and sale of Rights of Way No's. R2135 and No. 395 and R3651.

**2. BACKGROUND AND CONTEXT**

2.1 The statutory process commenced after;

Councilor Note	11 <sup>th</sup> October 2006	Rear 98-100 Bay St, Port Melbourne
Councilor Note	1 <sup>st</sup> November 2006	Rear & abutting 1 Odessa St, St Kilda
Councilor Note	1 <sup>st</sup> November 2006	Rear 3 Odessa St, St Kilda

2.2 Council commenced statutory procedures to sell the Rights of Way No's. R2135, 395 and R3651 rear 98-100 Bay St, Port Melbourne, rear and abutting 1 Odessa St, St Kilda and rear 3 Odessa St, St Kilda to abutting property owners.

2.3 ROW No. R2135 Rear 98-100 Bay St, Port Melbourne

The applicants have accepted the sale price of the land of \$9,180.00 plus an administration cost of \$2,500.00.

The applicant is the owner of all abutting properties.

2.4 ROW No. 395 & ROW No. R3651 rear & abutting 1 Odessa St, St Kilda

The applicants have accepted the sale price of the land of \$10,000.00.

The land has been enclosed for a long period.

2.5 ROW No. 395 rear 3 Odessa St, St Kilda

The applicants have accepted the sale price of the land of \$5,000.00.

The land has been enclosed for a long period.

### **3. RECOMMENDED OPTION**

That the statutory procedure be finalised and the Rights of Way be discontinued and the land sold to the abutting property owners.

### **4. CRITERION FOR RECOMMENDATION**

4.1. The Rights of Way no longer offer any community benefit as most sections have been enclosed for a long period. The applicant for Right of Way No. R2135 is the owner of all abutting properties.

4.2. That the statutory procedures to discontinue and sell Right of Way No. R2338, R2395, No. 712, should be completed subject to the Council's road discontinuance and sale policy.

### **5. SUSTAINABILITY IMPLICATIONS**

#### **5.1. Social**

The sale of the Rights of Way is seen as due compensation to the community for the loss of public land. It is inequitable for property owners to derive private benefit from public land, without due compensation to the community.

#### **5.2. Economic Viability**

The income from the sale of the Rights of Way is seen as due compensation to the community for the loss of public land.

#### **5.3. Environmental Responsibility**

There are no sustainability implications in terms of environmental responsibility.

#### **5.4. Cultural Vitality**

There are no sustainability implications in terms of cultural vitality as the right of way has been enclosed for a long period.

#### **5.5. Policy and legislative implications**

The discontinuance and sale of the rights of way is in accordance with the Council's discontinuance and sale of roads policy.

**5.6. Resource implications**

The cost of selling the Rights of Way will be absorbed within current operational budgets.

**6. ALTERNATIVE OPTIONS**

- 6.1. Reject the applications to purchase. It should be noted that most of the sections of Rights of Way have been enclosed for a long period. Rejecting the application to purchase the rights of way will not provide any community benefit. Council's Heritage Advisor has confirmed that there are no heritage issues.

**7. PARTICIPATION AND ENGAGEMENT**

- 7.1. Council has communicated with the public through a "Public Advertisement" in the local newspaper during the statutory process. No objections were received.
- 7.2. Internal consultation was carried out with Asset Management, Traffic Management, Strategic Planning, Planning and Building and Infrastructure and Environment and they advise that they have no objections to the proposals.
- 7.3. Council's Heritage Advisor has confirmed that there are no heritage issues.
- 7.4. External consultation has been undertaken and a no objections were received.

**8. RECOMMENDATION**

- 8.1. That statutory procedures to discontinue the Right of Way No. R2135, 395 and R3651 rear 98-100 Bay St, Port Melbourne, rear and abutting 1 Odessa St, St Kilda and rear 3 Odessa St, St Kilda be completed.
- 8.2. That the land from the roads be sold to the owners of 98-100 Bay St, Port Melbourne, 1 Odessa St and 3 Odessa St, St Kilda, subject to the land being consolidated to the properties.

**STRATEGY AND POLICY REVIEW COMMITTEE**  
**5 FEBRUARY 2007** **GOVERNANCE AND COMPLIANCE**

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**A9** **2008 GENERAL VALUATION**  
**LOCATION/ADDRESS:** **CITY OF PORT PHILLIP**  
**RESPONSIBLE EXECUTIVE DIRECTOR:** **SALLY CALDER, EXECUTIVE DIRECTOR**  
**ORGANISATION SYSTEMS AND**  
**SUPPORT**  
**AUTHOR:** **DAVID GRAFFEN, PROPERTY**  
**COORDINATOR**  
**FILE NO.:** **90/02/09**  
**ATTACHMENTS:** **DECLARATION OF IMPARTIALITY**

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**1. KEY ISSUES**

- 1.1. Under the Valuation of Land Act 1960 (the Act), Council must undertake a General Valuation of all properties within the municipality every two years.
- 1.2. Provisions of the Act also require Council to do as follows;
  - o Adopt a resolution to “cause” a General Valuation to be made,
  - o Appoint valuer(s) for this purpose, and
  - o Give notice of the resolution to the Valuer-General.
- 1.3. It is recommended that Council complies with its statutory obligations by making the necessary resolutions for the 2008 General Valuation.

**2. CONTEXT**

- 2.1. The General Valuation is a legislative requirement of the State Government under the Act which applies to all Councils. A General Valuation must be undertaken every two years on the even years. The next General Valuation is known as the 2008 General Valuation. In this valuation all properties within the municipality must be valued as at 1<sup>st</sup> January 2008 to become effective by 1<sup>st</sup> July 2008.
- 2.2. Information from the General Valuation is used to base the comparative levels of Council Rates and State Land Tax charges.
- 2.3. Council is well placed to meet its statutory obligations. At its meeting held on 18<sup>th</sup> December 2006, Council awarded a contract to service its property valuation responsibilities. Westlink Corporation Pty Ltd (trading as Westlink Consulting) was awarded the valuation contract for a two year period with a two year option commencing on 1<sup>st</sup> February 2007. The contract requires a General Valuation to be undertaken for all rateable properties within the City of Port Phillip on a biennial basis.

**3. PROPOSAL**

3.1. It is proposed that Council consider this report and make formal resolutions in compliance with its statutory requirements. The table below contains a summary of the necessary resolutions noting the relevant provisions of the Act;

RESOLUTION	VALUATION OF LAND ACT 1960
To cause the 2008 General Valuation to be made	Section 6 (1)
To appoint valuers and other personnel to undertake and return the General Valuation	Section 13DA
To authorise notification of the above resolutions to the Valuer-General and rating authorities	Section 6 (1)
To note declarations of impartiality provided by the appointed valuers and personnel	Section 13 DH

**4. OPTIONS**

4.1. The 2008 General Valuation is a legislative requirement and must proceed.

**5. POLICY IMPLICATIONS**

5.1. The 2008 General Valuation will be performed in accordance with all relevant legislation in particular the Valuation of Land Act 1960 and the Local Government Act 1989.

5.2. The 2008 General Valuation will be undertaken in accordance with the Valuation Best Practice 2008 Specification Guidelines as approved by the Valuer-General's Department.

5.3. Council's Municipal Valuation Contract No 0946 contains specifications drafted to ensure compliance with all legislative requirements and best practice guidelines.

**6. SUSTAINABILITY IMPLICATIONS**

**Social**

It is extremely important to produce a true and accurate reflection and comparison of the property values within the City of Port Phillip, in order to understand how "market rates" are distributed across our community so that no particular section/part of the municipality is disadvantaged through the payment of rates.

**Economic**

The City of Port Phillip is discharged with the duty of raising sufficient monies to provide relevant and effective services for its community. Valuations are an important component of Council income

**Environmental**

The monies collected through the payment of rates will support the City of Port Phillip to implement sustainable services.

**Cultural**

The monies collected through the payment of rates will support the City of Port Phillip to continue to build on cultural vitality.

**7. RESOURCE IMPLICATIONS**

- 7.1. Council awarded the Municipal Valuation Contract No 0946 to Westlink Corporation Pty Ltd (trading as Westlink Consulting). The Governance & Community Relations annual budget includes provision to pay for the contract. Westlink is well resourced to meet its contractual obligations.

**8. INTERNAL CONSULTATION**

- 8.1. Consultation in respect to the planning for the 2008 General Valuation was associated with the awarding of the Municipal Valuation Contract No 0946 late last year. There is constant consultation between senior staff, Council's contract supervisor and contractors.

**9. EXTERNAL CONSULTATION**

- 9.1. The Valuer-General's Department nominates a supervisor for each Municipality who regularly monitor the progress of the General Valuation to ultimately determine whether a generally true and correct Certificate may be issued to enable Council and other authorities to use the Valuation for rating purposes. The Valuer-General representative has consulted in regard to this initial phase of the 2008 General Valuation.

**10. IMPLEMENTATION**

- 10.1. Council's Municipal Valuation Contract No 0946 contains an agreed timetable to ensure that the return of the 2008 General Valuation will occur no later than 1 April 2008.

**11. CONCLUSION**

- 11.1. It is necessary for Council to adopt formal resolutions to "cause" the General Valuation to be made, appoint valuers for this purpose and advise the Valuer-General and other relevant rating authorities of the resolution.

**12. RECOMMENDATION**

That Council;

1. Resolves, pursuant to Section 6(1) of the Valuation of Land Act 1960 to undertake a General Valuation of all rateable properties within the municipal boundaries of the City of Port Phillip, as at 1 January 2008 being the relevant date prescribed by the Valuer-General's Office to be returned no later than 30 June 2008.
2. Pursuant to Section 13DA of the Valuation of Land Act 1960, Council appoints Westlink Corporation Pty Ltd (trading as Westlink Consulting) for the making and return of the 2008 General Valuation. In particular Council appoints David Graffen, Frank Carbone, Angela Passaro, Stacey McCabe, Monique Lopes, Brendan Sheales and Lucia Manippa, to serve this purpose.
3. Pursuant to Section 6(1) of the Valuation of Land Act 1960, authorizes officers to advise the Valuer-General and other relevant rating authorities of the resolution to "cause" the 2008 General Valuation to be undertaken.
4. Notes the Declarations of Impartiality (copies attached) made by David Graffen, Frank Carbone, Angela Passaro, Stacey McCabe, Monique Lopes, Brendan Sheales and Lucia Manippa, pursuant to Section 13 DH of the Valuation of Land Act 1960.