

**13 May 2008**

**STATUS REPORT ON THE CHANGES TO CITY OF  
MELBOURNE MUNICIPAL BOUNDARIES ON 1 JULY 2008**

**Division** Office of the Chief Executive Officer

**Presenter** Kathy Alexander, Chief Executive Officer

**Purpose**

1. To advise on the progress towards the smooth transition of the parts of Kensington and North Melbourne currently in the City of Moonee Valley which will transfer to the City of Melbourne ('CoM') on 1 July 2008.

**Recommendation from Management**

2. That the Finance and Governance Committee note this Status Report and that further reports will be provided on a monthly basis through to July 2008.

**Background**

3. On 12 December 2007, the Minister for Local Government announced his decision to transfer municipal responsibility for Kensington and North Melbourne back to the CoM. Transition Orders to give effect to this decision were published in the Government Gazette on 13 December 2007.

**Key Issues**

4. The Due Diligence Working Group made up of officers from CoM and City of Moonee Valley has concentrated its activities across eleven key areas. These include the following:

**Rates and Valuations**

5. Ratepayer and property data has been extracted from City of Moonee Valley and is in the process of being included on the CoM rate database and electoral roll. CoM and City of Moonee Valley administrations have agreed that the City of Moonee Valley will complete supplementary valuations in May 2008 rather than July 2008. This information is required by the Transition Orders.
6. CoM will reimburse City of Moonee Valley for this activity and the anticipated costs are in the order of \$5,000.

**Assets**

7. The identification and verification of assets is close to completion and has involved the following:
  - 7.1. identification of physical assets to fixed asset register;
  - 7.2. listing and valuing all assets not on asset register;

- 7.3. reserve funds, including the existence of reserves for the maintenance/replacement of aging assets; and review and/or update maintenance, lifecycle and condition audit reports,
8. It is estimated that the value of assets subject to transfer to the City of Melbourne at transition is approximately \$35 million.

**Contracts:**

9. CoM is continuing a review of all contracts, leases and licenses in the transition area.

**Creditors and Liabilities:**

10. An agreed approach for the treatment of creditors and liabilities was detailed in the report to Finance and Governance Committee in April 2008.

**Data and Records Requirements:**

11. City of Melbourne has prepared data transfer agreements for all record classes. The agreements contain information relating to hard and soft data transfer, dates, cutover plans, process for the transition period and approvals. The data transfer process for information held in Pathway applications including property, building and planning, CRM, animals, waste, rates, parking, permits and health has commenced.

**Staffing, Financial Model and Due Diligence Report:**

12. The Staffing and Financial impacts of the transition area have been discussed with Councillors through the Budget briefings. A Financial Due Diligence Report will also be prepared and presented to the Finance and Governance Committee in July 2008.
13. The Chief Executives have agreed to a protocol governing the transfer of staff from City of Moonee Valley to the CoM. The protocol addresses the conditions by which any staff transfer will take place, the transfer of employee benefits such as superannuation, leave and other entitlements to CoM in the form of a cash payment from City of Moonee Valley. A process governing the recruitment of any staff subject to transfer has also been agreed.

**Service delivery in the boundary change area**

14. City of Moonee Valley provides three key Family and Children's' services in the area which is subject to the boundary change. These services include childcare and preschool at Hotham Hub, a Maternal and Child Health service and family services. These services are also provided by the CoM and hence these services will transition smoothly. The services receive State Government funding and it is expected that the CoM will receive a grant from the Department of Human Services. The CoM will provide these services from 1 July 2008. A communications plan is being developed to advise existing clients of the change to the CoM and requesting approval to transfer their client records.
15. City of Moonee Valley provides services for the aged and people with disabilities using a direct service provision model. CoM provides these services via contract. A detailed review of these services has been conducted and discussions held with the CoM contractor. Programs and services delivered through the North Melbourne Community Centre will also be delivered under contract to CoM. City of Melbourne is undertaking a thorough review of these programs and identifying service gaps and service implications such that a preferred service model can be constructed.

16. The joint Services Working Group is reviewing some 51 services provided in the transition area. The review will ensure that CoM understands the service model as it currently operates, identify and resolve any service gaps and construct a service model in line with that which applies in the rest of the municipality. As part of this, statutory services such as Parking and Traffic, Animal Management, Health Management and Parks Services are in the process of developing protocols for smooth transition of these services and obligations.
17. The Chief Executives have written to the Secretary of the Department of Planning and Community Development seeking assistance to undertake a policy neutral translation of the relevant parts of the Moonee Valley Planning Scheme into the Melbourne Planning Scheme to be effective from 1 July 2008, the date on which the boundary change will take effect.

### **Communications**

18. Detailed communications plans are being developed for all elements of the transition. Ratepayers in the transition area received a letter from the Lord Mayor and Mayor of City of Moonee Valley earlier this year to advise them of the State Government's decision. Further correspondence to the ratepayers is being considered. In July, ratepayers will receive a Welcome Pack from Melbourne City Council which will include an updated Resident Handbook. This is the same approach as that used successfully in Docklands.

### **Matters for referral to Council**

19. Over the next two months, the following matters will be referred to the Finance and Governance Committee:
  - 19.1. changes to the way services are delivered to affected City of Moonee Valley ratepayers as a result of different service models which operate at CoM;
  - 19.2. the Financial Due Diligence report and a report from the Services Working Group on how services will be delivered in the boundary change area; and
  - 19.3. documentation required for the Councils to reach agreement as prescribed in the Transition Orders.

### **Due Diligence and Services Working Groups Reports**

20. The Due Diligence Working Group will prepare a Financial Due Diligence Report, which will be referred to the Finance and Governance Committee. The report will detail the scope of work and procedures undertaken by the Due Diligence Working Group and include a detailed financial model of revenues and expenditure in the transition area.
21. A similar report will be prepared by the Services Working Group. This will detail the arrangements for all services subject to transfer.
22. It is anticipated that these reports will be provided to the Finance and Governance Committee in July 2008.

### **Agreements prescribed in the Transition Orders**

23. The Transition Orders require the Councils of the CoM and City of Moonee Valley to come to an agreement on the apportionment, settlement, transfer, adjustment or determination of any property, income, assets, liabilities, expenses, staff or other areas in relation to the new boundaries.

24. The Councils are also required to enter into a Memorandum of Understanding for ongoing liaison for the purpose of identifying joint approaches and actions for the public housing estates in North Melbourne and Flemington and parking and other issues affecting residents around the south side of the Racecourse Road retail centre.
25. CoM and City of Moonee Valley administrations have commenced work on the development of these Agreements.

#### **Kensington Boundary Transition Advisory Committee**

26. Council has established a Kensington Boundary Transition Advisory Committee. The outcomes of the monthly meetings of this committee will be reviewed by the Transition Process Steering Group to ensure that issues identified are addressed in a timely manner.

#### **Time Frame**

27. The Victorian Government's Transition Orders dictate the timeframe, given that the transition is expected to take effect on 1 July 2008.

#### **Consultation**

28. The CoM and City of Moonee Valley has established a close and positive working relationship throughout this transition process.

#### **Finance**

29. The full financial impact of the transition and undertaking of the municipal responsibilities is being reviewed and evaluated by the Due Diligence Working Group in conjunction with the Services Working Group.
30. At this stage the estimates of revenue and expenditure are being finalised and a preliminary position has been made available as part of the 2008/09 Budget process.

#### **Legal**

31. Legal advice has and will continue to be provided as required in respect to the transition.
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**FINANCE ATTACHMENT**

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The estimates of revenue and expenditure have been provided to Councillors as part of the draft 2008/09 budget briefing meetings.

**Joe Groher**  
Manager Financial Services

**LEGAL ATTACHMENT**

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The restructuring is made in accordance with the processes described in Part 10C of the *Local Government Act 1989*. The transition orders direct that transition occur on 1 July 2008.

Legal advice has and will continue to be provided as required in respect to the transition.

**Kim Wood**  
Manager Legal Services