

29 April 2014

**Notice of Motion, Cr Stephen Mayne****FUNDING FOR QUEEN VICTORIA MARKET RENEWAL PROJECT****Motion**

That the Council resolves that:

1. Commencing on 1 July 2014, a fund is to be established within Council to hold funds dedicated to be spent on the Queen Victoria Market (QVM) renewal project. The cash balance held in the fund is to be disclosed in Council's quarterly financial reports and the annual financial statements;
2. All Council returns (licence fees, dividends and tax equivalent payments) from the QVM after 1 July 2014 will be included in normal budget revenues and also deposited in full into the fund established under Part 1 until the QVM renewal project is completed;
3. Any annual underlying surplus generated by Council in 2013-14 shall be deposited into the fund in the first quarter of 2014-15;
4. All proceeds from any sale of the development sites on the southern boundary of the Market will be deposited into the QVM Renewal fund;
5. Commencing from 1 July 2014, all profit proceeds from the sale of any other surplus or redundant City of Melbourne land holdings will be deposited into the fund;
6. The feasibility of borrowing up to \$10 million through the inaugural Municipal Association of Victoria (MAV) facilitated bond issue proposed for early 2014-15 be referred to the budget process in order to provide some additional seed funding for the QVM Renewal fund; and
7. The CEO write to the State Government requesting that it deposit any congestion tax receipts from the QVM into the renewal fund for the 5 year period commencing in 2014-15.

**Background**

The City of Melbourne is committed to renewing the Queen Victoria Market (QVM) in what will be the biggest capital project in the city's history. In order to finance the project, a range of funding mechanisms will need to be deployed. The proposed QVM Renewal Fund is designed to begin the process whilst signalling some of the funding alternatives that will need to be pursued.

The City of Melbourne is concerned that an expansion of the State Government's congestion tax on car parking spaces will cost QVM almost \$1 million per year when it is fully operational. At a time when Council's finances will be stretched, including through the likely need for debt finance, Council needs ongoing support from the state to deliver the project, not new taxes which will directly reduce projected returns from the Market's operations. Historically, Council has received approximately \$5 million per year from QVM and it is proposed that this ongoing cash return will be set aside to help fund the renewal project. Council is projecting a modest surplus in 2013-14 and, if the motion is passed, this too will be used to seed the fund. After taking advice from Ernst & Young, the MAV is proposing to launch an aggregated Victorian council bond later this calendar year which will be managed by NAB and CBA. The initial offer is expected to be a minimum of \$150 million in AA rated 5 year bonds which can be redeemed early by participating councils. Whilst Council currently holds substantial cash reserves, the size and scope of the QVM project may necessitate Council borrowing, so the early participation in the MAV aggregated bond issue is proposed to both help capitalise the QVM Fund and familiarise Council with this as a future funding channel.

**Moved:** Cr Mayne