



Southern Grampians
SHIRE COUNCIL

Council Meeting Agenda

Ordinary Meeting
9 October 2019

To be held at 5.30pm in the
Byaduk Recreation Reserve Pavilion,
5746 Hamilton-Port Fairy Road,
Byaduk.

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1 Membership

Councillors

Cr Mary-Ann Brown – Mayor
Cr Chris Sharples – Deputy Mayor
Cr Cathy Armstrong
Cr Albert Calvano
Cr Colin Dunkley
Cr Greg McAdam
Cr Katrina Rainsford

Officers

Mr Michael Tudball – Chief Executive Officer
Ms Evelyn Arnold – Director Community and Corporate Services
Mr Andrew Goodsell – Director Planning and Development
Mr David Moloney, Director Shire Infrastructure
Ms Karly Saunders – Governance Coordinator

2 Acknowledgement of Country

3 Prayer

4 Apologies

5 Confirmation of Minutes

RECOMMENDATION

That the Minutes of the Ordinary Meeting of Council held on 11 September 2019 be confirmed as a correct record of business transacted.

6 Declaration of Interest

7 Questions on Notice

Questions from the public must be submitted prior to the commencement of Council Meetings.

All questions must be submitted through completion of the Public Question Time form, and be forwarded to the Chief Executive Officer at 111 Brown Street, Hamilton. All questions must be received by no later than 5pm on the Monday before the Ordinary Meeting of Council.

Questions must:

1. Not pre-empt debate on any matter listed on the agenda of the Ordinary Meeting at which the question is asked
2. Not refer to matters designated as confidential under the Local Government Act 1989.
3. Be clear and unambiguous and not contain argument on the subject.
4. Not be derogatory, defamatory or embarrassing to any Councillor, member of staff, ratepayer or member of the public, nor relate to a matter beyond the power of Council.

If the member of the public is in attendance at the Council Meeting the Mayor will read the question aloud and provide a response. If a question cannot be answered at the meeting, a written response will be prepared and forwarded to the person raising the question.

Residents do not need to attend the meeting for a question to be answered. If they do not attend the meeting a written response will be provided.

There are no Questions on Notice listed on tonight's agenda.

8 Public Deputations

Requests to make a Public Deputation to Council must be submitted prior to the commencement of the Council Meeting.

Anyone wishing to make a deputation to Council must complete the Request to Make a Deputation form and forward it to the Chief Executive Officer at 111 Brown Street, Hamilton by no later than 5pm on the Monday before the Ordinary Council Meeting.

Speaking time is limited to 3 minutes per person. Organisations may be represented at the deputation to Council by not more than 4 representatives. The names of the representatives to attend must be advised in writing to the Chief Executive Officer and 1 of the representatives to attend must be nominated as the principal spokesperson for the deputation.

Deputations wishing to make a written submission to the Council must provide a copy, either electronically or hard copy of the submission to the Chief Executive Officer prior to the Ordinary Council Meeting. One copy will be made available to the local media representative, if requested.

All members of the public addressing the Council must extend due courtesy and respect to the Council and the processes under which it operates. If a member of the public fails to do this the Chairperson can remove them from the Chambers. All members of the public must also comply with Council's Public Participation at Council Meetings policy in relation to meeting procedures and public participation at meetings.

There are no Public Deputations listed on tonight's agenda.

9 Records of Assemblies of Councillors

Written records of Assemblies of Councillors must be kept and include the names all Councillors and members of Council staff attending the meeting, the matters considered, any conflicts of interest declared and when the person/s with a conflict left and returned to the meeting.

Pursuant to section 80A (2) of the Act, these records must be, as soon as practicable, reported at an ordinary meeting of the Council and incorporated in the minutes of that meeting.

Section 3 of the Local Government Act 1989 defines as Assembly of Councillors as:

1. A meeting of an advisory committee of the Council, if at least one Councillor is present; or
2. A planned or scheduled meeting of at least half of the Councillors and one member of Council staff;

which considers matters that are intended or likely to be:

- a) The subject of a decision of the Council; or
- b) Subject to the exercise of a function, duty or power of the Council that has been delegated to a person or committee.

As there are some meetings which may or may not be classed as an Assembly of Councillors depending on who is present and the topics that are discussed Southern Grampians Shire Council records these meetings as an Assembly of Councillors to ensure that transparency in relation to these meetings is publicised.

An Assembly of Councillors record was kept for:

- Special Audit and Risk Committee Meeting – 4 September 2019
- Coleraine Community Engagement Meeting – 4 September 2019
- Briefing Session – 11 September 2019
- Briefing Session – 25 September 2019
- HRLX Advisory Committee Meeting – 30 September 2019

This agenda was prepared on 2 October 2019. Any Assemblies of Councillors between that date and the date of tonight's Meeting will appear in the agenda for the next Ordinary Meeting of Council.

RECOMMENDATION

That the record of the Assembly of Councillors be noted and incorporated in the Minutes of this Meeting.

ASSEMBLY OF COUNCILLORS



Southern Grampians
Shire Council

ASSEMBLY DETAILS	
Title:	Audit & Risk Committee Meeting
Date:	4 September 2019
Location:	Martin J Hynes Auditorium
Councillors in Attendance:	Mayor Mary-Ann Brown Cr Colin Dunkley
Council Staff in Attendance:	Michael Tudball, Chief Executive Officer Evelyn Arnold, Director Community & Corporate Services Jason Cay, Finance Coordinator Darren Barber, Manager Organisational Development David Moloney, Director Shire Infrastructure Karly Saunders, Governance Coordinator Kara Winderlich, Risk Management Coordinator Nadine Rhook, EA to Director Community & Corporate Services

The Assembly commenced at 1.30pm

MATTERS CONSIDERED		CONFLICTS OF INTEREST DECLARED
1	Welcome	Nil
2	Apologies	Nil
3	Conflict of Interest	Nil
4	Confirmation of Minutes	Nil
5	Matters Arising from the Previous Minutes	Nil
5	Internal Audit	Nil
6	Final Financial Statements – Flood Works & Flood Recovery Update	Nil

7	Implementation of Local Government Act	Nil
8	Compliance Framework	Nil
9	OHS Report	Nil
10	Business Continuity Plan and Sub Plans	Nil
11	Risk Management Policy	Nil
12	Committee in Camera	Nil
13	External Audit	Nil

The Assembly concluded at 3.52pm

ASSEMBLY OF COUNCILLORS



Southern Grampians
Shire Council

ASSEMBLY DETAILS	
Title:	Coleraine Community Engagement / Listening Post Session
Date:	4 September 2019
Location:	Karingal Senior Citizens Centre
Councillors in Attendance:	Cr Mary-Ann Brown, Mayor Cr Chris Sharples, Deputy Mayor Cr Katrina Rainsford Cr Greg McAdam Cr Colin Dunkley Cr Albert Calvano
Council Staff in Attendance:	Michael Tudball, Chief Executive Officer Evelyn Arnold, Director Community & Corporate Services Melanie Russell, Community Engagement Coordinator Jane Coshutt, Community Engagement Coordinator Andrew Goodsell, Director Shire Futures

The Assembly commenced at 6.00pm

MATTERS CONSIDERED		CONFLICTS OF INTEREST DECLARED
1	Turnbull St Courts Reinstatement Project	Nil
2	Coleraine Tourism Brochure	Nil
3	Town Entrance Signs	Nil
4	Adam Lindsay Gordon Monument	Nil
5	Tree Management Plan	Nil
6	Public WiFi Usage	Nil
7	L2P Update	Nil
8	Coleraine Depot	Nil

9	Meals on Wheels	Nil
10	Flood Recovery	Nil
11	Drain Maintenance	Nil
12	Section 86 Committee	Nil
13	Coleraine Primary School – stadium agreement	Nil
14	Recycling Bins / FOGO	Nil

The Assembly concluded at 8.45pm

ASSEMBLY OF COUNCILLORS



Southern Grampians
Shire Council

ASSEMBLY DETAILS	
Title:	Council Briefing Session
Date:	11 September 2019
Location:	MJ Hynes Auditorium
Councillors in Attendance:	Cr Mary-Ann Brown, Mayor Cr Chris Sharples, Deputy Mayor Cr Albert Calvano Cr Colin Dunkley Cr Greg McAdam Cr Katrina Rainsford
Council Staff in Attendance:	Michael Tudball, Chief Executive Officer Evelyn Arnold, Director Community and Corporate Services David Moloney, Director Shire Infrastructure Andrew Goodsell, Director Planning and Development Darren Barber, Manager Organisational Development Lachy Patterson, Manager Community Relations Russell Bennett, Manager Business Systems StJohn Lees, Manager Works Kylie McIntyre, Sustainability Coordinator Rhassel Mhasho, Manager Planning and Regulatory Services Jason Barker, Local Laws Coordinator Hugh Koch, Manager Economic Development and Tourism Darryl Adamson, Strategic Major Projects Officer

The Assembly commenced at 12:00pm

MATTERS CONSIDERED		CONFLICTS OF INTEREST DECLARED
1	Capital Works Report	Nil
2	Workforce Development Plan	Nil

3	Kevin Thomas Recognition	Nil
4	City of Ballarat – Library SLA	Nil
5	Councillor Sharepoint Demonstration	Nil
6	Lake Hamilton Dam Wall	Nil
7	Hamilton Integrated Water Management Plan	Nil
8	Local Laws Service Review – School Crossings	Nil
9	Hamilton Gateway Signage	Nil

The Assembly concluded at 4:00pm

ASSEMBLY OF COUNCILLORS



Southern Grampians
Shire Council

ASSEMBLY DETAILS	
Title:	Council Briefing Session
Date:	25 September 2019
Location:	MJ Hynes Auditorium
Councillors in Attendance:	Cr Mary-Ann Brown, Mayor Cr Chris Sharples, Deputy Mayor Cr Cathy Armstrong Cr Albert Calvano Cr Colin Dunkley Cr Greg McAdam Cr Katrina Rainsford
Council Staff in Attendance:	Evelyn Arnold, Director Community and Corporate Services David Moloney, Director Shire Infrastructure Andrew Goodsell, Director Planning and Development Rohit Srivastava, Manager Assets Mary Irwin, Asset Coordinator Mike Shanahan, Acting Manager Organisational Development Kerri-Anne Tatchell, Senior Planning Officer StJohn Lees, Manager Works Susannah Milne, Manager Community and Leisure Services Ian Waugh, Acting Manager Recreation

The Assembly commenced at 9:00am

MATTERS CONSIDERED		CONFLICTS OF INTEREST DECLARED
1	Assets – Building Inspection – Bus Trip	Nil
2	Art Gallery Foundation	Nil
3	Risk Management Policy	Nil

4	Cavendish Structure Plan – Background Report	Nil
5	Turnbull Street Courts – Coleraine	Nil
6	Cox Street Options	Nil
7	Byaduk Ardoon Bridge	Nil
8	Tender – Supply of Road Making Materials	Nil
9	Tender – Hired Plant	Nil
10	Pedrina Park Masterplan Update	Nil
11	Tender – Sealed Paving and Heavy Patching	Nil

The Assembly concluded at 4:30pm

ASSEMBLY OF COUNCILLORS



Southern Grampians
Shire Council

ASSEMBLY DETAILS	
Title:	Hamilton Regional Livestock Exchange Advisory Committee Meeting
Date:	30 September 2019
Location:	Martin J Hynes
Councillors in Attendance:	Cr Greg McAdam Cr Chris Sharples
Council Staff in Attendance:	Evelyn Arnold, Director Community & Corporate Services Mike Shanahan, Health & Safety Coordinator Rodney VanDeHoef, Team Leader Ventures Chris Dahlenburg – Manager Hamilton Livestock Exchange Nadine Rhook, EA to Director Community & Corporate Services

The Assembly commenced at 4.00pm

MATTERS CONSIDERED		CONFLICTS OF INTEREST DECLARED
1	Canteen and Ablution Update	Nil
2	Yard Construction Update	Nil
3	Security Procedure Update	Nil
4	Cattle Yard Roof & Accessibility for Sale	Nil
5	Terms of Reference	Nil
6	Throughput Report	Nil

The Assembly concluded at 5.10pm

10 Management Reports

10.1 2018/2019 Annual Report

Directorate: Michael Tudball, Chief Executive Officer
Author: Michael Tudball, Chief Executive Officer
Attachments: 1. 2018/2019 Annual Report

Executive Summary

In accordance with Section 134 of the *Local Government Act 1989*, Council is required to consider the Annual Report 2018/2019, for the year ended 30 June 2019.

Discussion

Council is required to prepare an Annual Report in respect of each financial year containing a report on its operations, audited financial statements, performance statement and any other matters required by the regulations.

The Annual Report must be submitted to the Minister within three months of end of the financial year or within any extended period approved by the Minister.

The Annual Report details the performance and achievements of Council and is intended as a point of reference for Council staff, residents and businesses of the Shire, community organisations and government departments.

The Annual Report reports on the five key strategic objectives outlined in the Council Plan 2017-2021 being:

- Support our Community
- Develop our Regional Economy and Business
- Plan for our Built Environment
- Promote our Natural Environment
- Provide Governance and Leadership

The Annual Report provides a comprehensive overview of activities of Council for the period 1 July 2018 to 30 June 2019, including social, economic and environmental achievements in respect of a range of projects, services and assets managed. The Annual Report of Council is an important record of the activities of Council, including its financial performance over the year for which the Auditor-General has provided unqualified audit opinions on the Financial Statements and Performance Statement for the year ended 30 June 2019. The Report includes General Purpose Financial Statements, Standard Statements and the Performance Statement.

The provisions of the *Local Government Act 1989* require that Council consider the Annual Report at a meeting open to the public within 30 days of the report being submitted to the Minister.

Legislation, Council Plan and Policy Impacts

In accordance with the Council Plan 2017 – 2021 in the Good Governance section, Council is obliged to meet statutory requirements in regards to reporting to the Minister for Local Government on its activities.

Council has a statutory responsibility under the *Local Government Act 1989* to prepare an Annual Report in respect of each financial year containing a report on its operations, audited financial statements, performance statement and any other matter required by the Local Government (Planning and Reporting) Regulations 2014.

Disclosure of Interests

All Council Officers involved in the development and advice provided in this Report affirm that no direct or indirect interests need to be declared in relation to any matters in this Report.

RECOMMENDATION

That Council considers the Annual Report 2018/2019 for the year ended 30 June 2019, in accordance with Section 134 of the *Local Government Act 1989*.

10.2 Library Services: Service Level Agreement with City of Ballarat 2020-2025

Directorate: Evelyn Arnold, Director Community and Corporate Services
Author: Lachy Patterson, Manager Community Relations
Attachments: Nil

Executive Summary

Council currently operates its own library services and is provided with support functions by the City of Ballarat as part of the Central Highlands Libraries Group. These services currently include:

- Administration;
- Collection Services and strategic procurement;
- IT Services in relation to the provision of an Integrated Library Management System and website/social media updates;
- Information Services; and
- Community Learning, Programs and Promotions.

Council's library is currently operating under the 2015 – 2020 Service Level Agreement with City of Ballarat which expires on 30 June 2020. This agreement replaced the earlier Central Highlands Library Corporation model.

This report recommends that Council direct the Chief Executive Officer to make written request to the Minister for Local Government (pursuant to the *Local Government Act 1989*) for an exemption from the public tender process, in order to negotiate a new Library Service: Service Level Agreement, directly with the City of Ballarat for the period of five years.

Discussion

As Greater Hamilton Library has limited options for support services and the current arrangement has worked well extending the current Service Level Agreement with City of Ballarat for a further five years is recommended.

Councils enter into contracts for a range of goods, services and works needed to deliver services and infrastructure. Under the Local Government Act the Council must demonstrate that it is achieving value for money for the community when carrying out purchasing and procurement.

The Act requires that Councils must use resources efficiently and effectively and provide services in accordance with best-value principles to meet the needs of the local community, and improve the quality of life in the local community.

Each Council must also carry out all procurement activities in accordance with its procurement policies, and the public tender requirements in the Act.

To achieve this, the procurement activities must provide:

- Value for money;
- Open and fair competition;
- Accountability;
- Risk management;

- Probity and transparency; and
- Social value.

Section 186(1) of the Local Government Act 1989 requires Councils to carry out a public tender or expression of interest process prior to entering into a contract with a value equal to or more than the relevant threshold. As the intent is to negotiate a new service agreement with the City of Ballarat for continued support services to the Greater Hamilton Library with an expected value exceeding \$500,000 over the five year term of the service agreement an exemption is required to be sought from the Minister for Local Government to enable this to happen.

The alternative to seeking an exemption is to publicly tender the support services, which would involve significant time and cost to prepare the documentation, as well as little certainty that other parties would respond to the tender.

The Minister for Local Government has the discretionary power to grant an exemption from public tendering under Section 186(5)(c) of the Act. The Minister will require sound reasons to grant an exemption which in this case revolve around:

- Continuity of quality service in the region;
- Cost savings and access to diverse technical support compared to providing services ourselves; and
- Continuity of existing relationships following the dissolution of the regional library corporation together with capture of the corporate knowledge in the regional library arrangements.

The current Service Level Agreement will expire on 30 June 2020. It was prepared in conjunction with Ballarat City Council and Southern Grampians Shire Council. A new Agreement would be from 1 July 2020 to 30 June 2025, with CPI adjustments provided for in the new document.

Seeking the exemption at this time provides a reasonable timeframe for the Minister of Local Government to determine the application and in the event the request is not supported prepare the necessary procurement plan and tender specifications.

From discussions with Library staff, the current level of support received has been excellent, with no concerns around the performance indicators in the current agreement.

Financial and Resource Implications

The provision of services under this agreement is included in the annual budget for the library operations.

Legislation, Council Plan and Policy Impacts

The provision of Library Services through the Service Level Agreement assists Council to deliver on key outcomes of the Council Plan 2017-2021:

Strategy 1.2.1: Provide appropriate, accessible and equitable Council services, facilities and activities.

Strategy 1.2.2: Support and encourage participation in quality arts and cultural, education, leisure, recreation and sporting opportunities.

Strategy 1.2.3: Partner with services and agencies to increase the health and wellbeing of our community.

Strategy 1.2.4: Provide, promote and support appropriate and accessible services, facilities and activities for young people.

Strategy 1.3.3: Support the increase of social, economic and digital connectedness.

Strategy 3.2.3: Provide infrastructure that supports and active community.

Strategy 3.4.1: Ensure appropriate social infrastructure is provided to support all families and communities across the Shire including multicultural and indigenous people.

Strategy 5.4.4: Investigate partnerships, collaboration opportunities and options for shared service delivery and models.

The following sections of the Local Government Act and Council's Procurement Policy are also relevant to this decision:

- *Local Government Act 1989* – Section 186(5)c - Outlines the requirement for application for Ministerial Approval for exemption from public tendering
- *Local Government Act 1989* – Sect 208B Best Value Principles.
- *Local Government Act 1989* – Section 186 – Restriction on power to enter into contacts
- Council's Procurement Policy

Risk Management

In the event the Minister for Local Government does not give approval to the exemption from public tender for the Service Agreement between Southern Grampians Shire Council and Ballarat City Council for a further five years the Council will need to prepare a Procurement Plan and relevant tender specifications to take to distribute early in 2019/20. This would permit a decision by the Council prior to Christmas and detailed planning to transition the support arrangements.

Environmental and Sustainability Considerations

There are no environmental or sustainability factors to be considered.

Community Consultation and Communication

Information in regards to the performance indicators of the Ballarat City Council's support services to the library has been discussed with the library staff and there have been no issues as the level of service being delivered.

The current working relationship between the Ballarat City Council Library and the Greater Hamilton Library has been a positive experience.

Disclosure of Interests

All Council Officers involved in the development and advice provided in this Report affirm that no direct or indirect interests need to be declared in relation to any matters in this Report.

RECOMMENDATION

That Council directs the Chief Executive Officer to apply to the Minister for Local Government for an exemption from public tendering under Section 186(5)(c) of the *Local Government Act 1989* to allow the Council to enter into a new Service Agreement between Southern Grampians Shire Council and City of Ballarat for support services to the Greater Hamilton Library for 1 July 2020 to 30 June 2025.

10.3 Audit and Risk Committee - Minutes

Directorate: Evelyn Arnold, Director Community and Corporate Services
Author: Evelyn Arnold, Director Community and Corporate Services
Attachments: 2. Minutes – 4 September 2019

Executive Summary

The Minutes from the September meeting as endorsed by the Audit and Risk Committee (ARC) are presented to Council for adoption.

Discussion

The Audit and Risk Committee (ARC), as an Advisory Committee of Council, fulfils both a statutory and consultative function. It provides feedback, advice and direction to Council. The intention is not to focus on financial risk which is adequately addressed by the external auditors, but rather to review internal processes in line with the culture of continuous improvement.

Legislation, Council Plan and Policy Impacts

The Local Government Act 1989 section 139.

Disclosure of Interests

All Council Officers involved in the development and advice provided in this Report affirm that no direct or indirect interests need to be declared in relation to any matters in this Report.

RECOMMENDATION

That the Minutes for the Special Audit and Risk Committee meeting held on 4 September 2019 be noted.

10.4 Christmas Holiday Closure

Directorate: Evelyn Arnold, Director Community and Corporate Services
Author: Karly Saunders, Governance Coordinator
Attachments: None

Executive Summary

Council can elect to close workplaces during the period between Christmas and New Year. Traditionally offices have been closed from Christmas Eve until 2 January, depending on what day Christmas falls on. It is recommended that Council workplaces close for the Christmas/New Year break from 1:00pm on Tuesday 24 December 2019 and reopen 8:15am on Thursday 2 January 2020.

Discussion

Council's Enterprise Bargaining Agreement states that if Council decides to close workplaces over the period between Christmas and New Year at least one month's notice must be provided to staff. Staff can then elect to take leave over this time, or work on the non-public holiday days with permission from their manager. Having the Christmas/New Year break from 1.00pm on Tuesday 24 December until Thursday 2 January means that staff who elect to take this time off are required to take three and a half days of time-in-lieu, rostered days off or annual leave. The other three days of closure are public holidays.

Some services will continue to operate during the Christmas/New Year period including:

- Council's after hours service;
- HILAC;
- Lifeguards;
- Transfer Stations;
- Art Gallery;
- Hamilton and Grampians Visitor Information Centre;
- Library; and
- Livestock Exchange.

Legislation, Council Plan and Policy Impacts

The recommendations in this Report are in accordance with Council's Enterprise Bargaining Agreement.

Disclosure of Interests

All Council Officers involved in the development and advice provided in this Report affirm that no direct or indirect interests need to be declared in relation to any matters in this Report.

RECOMMENDATION

That Council notes the Christmas Holiday Closure of Council's Offices from 1:00pm on Tuesday 24 December 2019 and reopening on Thursday 2 January 2020 at 8:15am.

10.5 Risk Management Policy

Directorate: Evelyn Arnold, Director Community and Corporate Services
Author: Darren Barber, Manager Organisational Development
Attachments: 3. Risk Management Policy

Executive Summary

Council recognises the importance of continuous improvement and risk mitigation through external auditing of risk controls and processes. A Risk Management Audit was recently conducted with key recommendations and actions outlined in a report from our internal auditor. A key recommendation was to review and enhance the existing Risk Management Policy. As per this recommendation, Council have undertaken a review of the Risk Management Policy and presented the draft to the Audit and Risk Committee for assessment. The policy is presented to Council for endorsement (see attached policy).

Discussion

The objectives of the Draft Risk Management Policy are to:

- Assist Council to comply with legislative, financial, asset management, delivery of services and contractual responsibilities
- Align Council with best practice *AS/NZS ISO 31000:2018 Risk Management – Guidelines*
- Assist the Council to meet its Council Plan and Strategic Plan objectives
- Outline responsibilities in regards to risk management
- Embed and support risk management practices throughout Council
- Encourage the identification and reporting of potential risks and opportunities
- Outline Council's approach to risk management

Amendments include:

- Policy and Framework separated
- Additional information on responsibilities
- Additional information on Monitoring and Reporting
- Linkages to other Council documents

Legislation, Council Plan and Policy Impacts

Council follows the *AS/NZS ISO 31000:2018 Risk Management –Guidelines* to ensure this policy is connected to a best practice framework.

There are no direct legislative requirements.

Disclosure of Interests

All Council Officers involved in the development and advice provided in this Report affirm that no direct or indirect interests need to be declared in relation to any matters in this Report.

RECOMMENDATION

That the attached Risk management Policy be endorsed by council.

10.6 New Hamilton Art Gallery Foundation

Directorate: Andrew Goodsell, Director Planning and Development
Author: Andrew Goodsell, Director Planning and Development
Attachments: None.

Executive Summary

Council is seeking to build a new art gallery in Hamilton (NHG) and resolved to endorse the business case in September 2019. A core question is the manner in which the NHG is to be funded. Given the original gallery was established via philanthropic interests and donations, philanthropic funding will be likely critical.

To this end, Council resolved in February 2017 to:

- establish a dedicated building fund (Gallery Foundation); and
- investigate the most appropriate structure for a Gallery Foundation and present a recommendation on the legal structure and composition of the Foundation.

Legal advice obtained from Herbert Smith Freehills (HSF) provides a range of options for an appropriate organisational structure to secure future funding. Three options exist being:

1. internal funds within Council's Art Gallery Accounts;
2. separate entity promoting the arts, registered as a cultural organisation (ROCO); or
3. separate fund raising entity established as a public ancillary fund.

The recommendation remains to establish a ROCO entity which has the capacity to assist funding construction of the NHG. Whilst counsel establish the ROCO entity, Council can in the interim collect donations and fund raise utilising its existing legal status as a deductible gift recipient (DGR).

Funding of a position to enable an officer or contractor to undertake fund raising and support the foundation is also recommended at an upper limit cost of \$65,000 (including on-costs) for the balance of 2019/20 financial year.

Advice has been obtained confirming the existing Hamilton Art Gallery Trust cannot be legally re-purposed to move beyond its current role in purchasing art to fund raising for a new gallery. A new legal structure is therefore required for fund raising in relation to the NHG.

A report was tabled on these issues at Council's Ordinary Meeting on 14 August 2019. A resolution was passed seeking further details on governance of the ROCO entity, steps involved with establishment and roles and responsibilities. To this end, further legal advice was obtained (received 28 August 2019). This report reflects the findings of the updated advice.

Discussion

To address the Council resolution issued in 2017, HSF were requested to provide legal advice on options for funding a new gallery in Hamilton. That advice was received in August 2017, updated in June 2019 and further confirmed on 28 August 2019.

Three key issues are covered in the earlier legal advice, namely (a) the relevance of charity registration and the type of deductible gift recipient (DGR) status to provide ability to receive grants from philanthropic foundations; (b) the level of control and involvement by Council for the various stages from construction to operation of the new gallery; and (c) the desirability of specific skills and experience in the governance of the various stages of delivering the new gallery.

Three options for a foundation were set out:

- Option 1: Use of existing structure with an internal fund.
- Option 2: Separate entity promoting the arts, registered as a cultural organisation (ROCO) entity.
- Option 3: separate fund raising entity established a public ancillary fund (PAF).

In the August 2019 Council report option 2 was identified as the preferred option, the main reasons being:

- (a) the capacity to not only collect funding for a new gallery but to deliver funding for cultural arts within the new gallery eg fund a particular event;
- (b) the benefit of DGR and charitable status to maximise interest amongst philanthropic stakeholders;
- (c) direct community support and involvement, with select members appointed to a Board to oversee fund raising activities.

There was no significant debate about these options. But there were other issues raised, which are addressed as follows:

Governance – For a ROCO entity to be charitable it cannot be controlled by Council. Independence is generally achieved by having a constitution requiring a majority of directors to be independent of Council. SAM Foundation at Shepparton is an example of this.

Respective roles and responsibilities of the ROCO entity and Council would be set out in an agreement. The agreement would specify that Council runs and operates the new gallery and that the foundation assists in securing funding to build the gallery. Beyond that, the agreement may also specify that the foundation assists (post construction) with purchasing of pieces of art or delivering a specific event (effectively like a sponsor of the arts ie like the current Trust).

The director of the NHG would be funded by Council, as would the staff and reporting would be to Council. As a stakeholder however committed to the arts, it would be reasonable to contemplate the foundation being an important reference group who would support the NHG director, much as occurs with the current Trust.

Key elements of governance include:

- The initial directors of the ROCO entity would be appointed by Council, potentially identified through a public expression of interest.
- These directors would also operate under a constitution, itself drafted by Council. The terms (length of tenure) of the initial directors would be captured in a composition policy which forms part of a charter – also endorsed by Council. Typically directors have a tenure of 2-3 years.

- Future directors after the initial intake appointed by Council would be appointed by the board of the ROCO entity itself, but would be guided by the charter and rules contained within it.
- The agreement setting out the terms of how the ROCO entity and Council interact, Council receive moneys from the ROCO entity and other matters would be endorsed by Council before coming into effect. This could take the form of a memorandum of understanding (MOU).

Fund Raising – The NHG will go through several phases likely over a number of years, from pre-planning (incl. fund raising) through to construction and ongoing activities post construction (delivery of cultural arts).

The ROCO entity is a fund raising entity and that essentially is all it does. It can raise funds to assist in building a purpose-built gallery. It can, subject to agreement (see governance heading), provide funds to Council to deliver other benefits that Council may otherwise not fund eg an education officer, an artist in residence or a significant event eg Archibald prize.

Should the funds secured pre-construction not be deemed sufficient to allow the NHG to be built, the options available include negotiation with philanthropists to re-purpose funds for a smaller scale NHG or refund payments received.

Steps and Timing – The various steps in establishing the ROCO entity are set out in the most recent legal advice. The steps involve establishing a company; meeting the requirements of the Register of Cultural Organisation; applying for registered charity status via the ACNC (takes 1 month); and finally applying to the Commonwealth Department of the Arts for registration as a ROCO entity.

There would be 3 or more directors, a constitution confirmed and, as indicated above, a binding agreement with Council as to roles and responsibilities in the cultural arts (MOU). Once the ROCO entity is established it can take pledges and donations.

Final comment: The endorsed business case includes ongoing financial contribution by the foundation (\$162,108 in year 1 post opening, \$178,318 in year 2 and so forth). Without a foundation, not only is fund raising for construction made extremely difficult. The business case for operations relies on a viable foundation supporting cultural arts in the Shire, delivered through the NHG on an ongoing basis.

Summary

To have any likelihood of being delivered, the NHG will require significant and ongoing philanthropic support. Option 1 provides an interim solution whilst option 2 (ROCO entity – a company limited by guarantee) is being implemented. These options can therefore work in parallel.

Additional resourcing for a staff resource (contractor) to support the fund raising efforts for the balance of 2019/20 including establishment of the ROCO entity is required (see Financial and Resource Implications below).

Financial and Resource Implications

- Costs will be attached to the preferred legal structure to establish the foundation. These costs are estimated to be in the realm of \$12,000 excl GST. At present there is an account within the 2019/20 budget for this task providing approx. \$9,700 for this

task. Any funding shortfall will need to be addressed via efficiencies within gallery operations.

- Just as City of Greater Shepparton found when establishing their Foundation, there are financial commitments in relation to fund raising, whether by new staff or a contractor. This total cost for 19/20 (including on-costs) is estimated at \$65,000 to provide a resource for 7-8 months (Oct 2019-June 2020). Funding will be finalised pending the resolution of Council.
- Without instructing counsel to establish a ROCO entity, Council will be severely limited in its capacity to attract funding for a new gallery via philanthropic donation or grant, which in turn will impact capacity to access matching funding from other stakeholders.

Legislation, Council Plan and Policy Impacts

This report is in keeping with Council's obligations under the *Local Government Act (1989)*. It is also in accordance with the Council Plan and in particular, Strategy 3.2.2: Provide high quality and inclusive cultural facilities, services and experiences. A foundation being established is critical to the securing of appropriate funding for a new gallery in Hamilton.

Risk Management

The key benefits of establishing a ROCO entity are that it provides an appropriate legal mechanism for collection of funds from philanthropic interests towards a new gallery. With Council support the risks attached to establishing a foundation are limited.

It allows for community involvement and engagement and accountability as to how funds are collected and expended in delivering a key community asset.

Environmental and Sustainability Considerations

Not applicable.

Community Consultation and Communication

Not applicable. The task of establishing a foundation is a legal process only.

Future discussions on membership of any foundation will be the subject of further advice over the next 6 months.

Disclosure of Interests

All Council Officers involved in the development and advice provided in this Report affirm that no direct or indirect interests need to be declared in relation to any matters in this Report.

RECOMMENDATION

That Council:

1. Initiate the process to establish a ROCO entity to assist delivery of the New Hamilton Art Gallery, subject to providing to Council for endorsement the following:
 - a. A constitution
 - b. A charter (includes a composition policy for membership of the ROCO entity board)
2. Ensure an agreement on the role of the ROCO entity be confirmed to the satisfaction of Council. This could be in the form of a memorandum of understanding.
3. Allocate resources for an officer role (\$65,000 upper limit including on costs) dedicated to securing funds for a New Hamilton Art Gallery for the period October 2019 to June 2020.
4. Receive a communications plan prior to the ROCO entity being finally established, which fully details all aspects of stakeholder consultation attached to the roles and responsibilities of Council as owner and operator of the New Hamilton Art Gallery and the ROCO entity as a promoter of the arts within the Shire.

10.7 Cavendish Structure Plan: Background Report 2019

Directorate: Andrew Goodsell, Director Planning and Development
Author: Kerri-Anne Tatchell, Senior Planner
Attachments: 4. Cavendish Structure Plan: Background Report 2019

Executive Summary

Planning Scheme Reviews submitted to the Minister for Planning in 2010 and 2019 identify the need for a township plan for Cavendish as a high priority strategic project. The project was also identified as a priority in consultation with the Cavendish community in 2009/10.

The Cavendish Structure Plan: Background Report 2019 (the Report), addresses a number of concerns raised about land use and zoning through a thorough technical analysis of the key issues affecting growth and development. The established community vision for the town as set out in the Community Plan along with consultation with technical stakeholders and the local community has influenced the strategic directions and recommendations contained in this Report.

It is proposed that this work will be built on through current strategic projects including the Community Vision Framework 2041 and related Small Towns Strategy, the current Rural Land Use Strategy work that is being undertaken by Council and the Domestic Wastewater Management Plan.

It is recommended that Council formally endorse the Report so that the framework can be used to guide future land use and development for the township. The report does not purport to be a structure plan (a much larger and more costly task) and doesn't rezone individual parcels of land for individual landowners. However, it does provide clear guidance on where proponent driven amendments could be considered, subject to appropriate background reports and analysis.

Discussion

Anecdotally, there is demand for rural residential 'lifestyle' development on the eastern fringe of Cavendish with views towards the Grampians. The Southern Grampians Planning Scheme does not substantially impede rural residential development in Cavendish.

This report identified 84 land holdings within Cavendish that have been assessed for residential capacity. Approximately 78% of Township zoned land is developed with the balance able to support further housing opportunities. These holdings comprise 15.8 hectares supply of residential land within the township with the balance of other residential holdings comprising approximately 32.5 hectares of land already developed for residential use.

Additional residential zoned land should only be considered if the results of waste water investigations reveal land within the Township Zone is unsuitable for dwelling construction. It would also need to be subject to a comprehensive lot yield analysis and assessment of servicing constraints for available infill residential development. Land is highly constrained in and around Cavendish due to the absence of reticulated sewerage and there is no plan to provide reticulated infrastructure in the foreseeable future

Strategic water assets (Wannon Water's untreated/unpressurised water) identified in this report along Cavendish-East Boundary Road for non-residential uses may provide opportunities for intensive agriculture uses. This is an asset that could be leveraged for niche

farming/horticultural activities. In turn, scope for further review of minimum lot sizes in the Farming Zone will have some potential for future assessment.

This report evaluates the implications arising from the following key issues and influences that impact development and decision making, including:

- State and local planning policy objectives and strategies which guide decision making for the location of growth and development opportunities.
- The existing zoning, overlays and land use framework which has determined the pattern of development within the township and immediate surrounds.
- Impacts on growth and development that include:
 - Supply of and demand for residential land.
 - Development infrastructure and physical constraints.
 - Environmental values and hazards.
 - Access, movement and open space assets and services.

Ten strategic directions have arisen from the technical investigations, strategic analysis and consultation. These include:

1. Protect key views and vistas.
2. Grow and diversify employment.
3. Ensure long term supply of land for a range of residential densities.
4. Develop and improve the image of the commercial and civic centre.
5. Improve the experience for pedestrians and build on existing network of public and community spaces.
6. Preserve and enhance the Wannon River corridor.
7. Retain the informal rural and vegetated character.
8. Support a diversification of the tourism and accommodation offering.
9. Acknowledge bushfire and flood risks and ensure land management responds.
10. Preserve the existing rural/urban interface to ensure agricultural productivity on the edge of the township may intensify into the future.

Financial and Resource Implications

- Total expenditure for this project is \$24,575.00 to date having budgeted \$35,000.00 across the 2017/18, 2018/19 and 2019/20 periods.
- There are no financial risks in relation to the recommendations made in this report.
- Relevant recommendations arising out of the Report will be undertaken by Council Officers and as external funding assistance becomes available.
- There are no financial impositions on Council in endorsing this report that cannot be met within existing budget parameters.

Legislation, Council Plan and Policy Impacts

Local Government Act 1989

Planning and Environment Act 1987

- As relevant to the objectives of planning in Victoria, Section 4(1)(a) to provide for fair, orderly, economic and sustainable use and development of land.

- As relevant to the objectives of the planning framework established by the Act, Section 4(2)(a) to ensure sound, strategic planning and coordinated action at State, regional and municipal levels;
- Section 4(2)(c) to enable land use and development planning and policy to be easily integrated with environmental, social, economic, conservation and resource management policy at State, regional and municipal levels;
- Section 4(2)(e) to facilitate development which achieves the objectives of planning in Victoria and planning objectives set up in planning schemes; and
- Section 4(2)(g) to encourage the achievement of planning objectives through positive actions by responsible authorities and planning authorities.

Southern Grampians Planning Scheme Review 2010 Southern Grampians Planning Scheme Review 2019

- Identifies this project as strategically important

Southern Grampians Planning Scheme

- Clause 21.11-2 Further Strategic Work

Council Plan 2017-2021

The Report lends support to the objectives in the Council Plan and is linked to each of the five key priority areas.

In particular the Report provides a strategic response to meeting the following objectives:

- 1.1 An empowered and resilient community.
- 2.1 Attract, support and encourage industries that will drive economic growth throughout the Shire.
- 3.4 Encourage and support infrastructure for social inclusion and economic growth.
- 4.1 Promote and support improved biodiversity and the health of waterways, wetlands, soil and air.
- 4.2 Balance environmental protection with Council's support for growth.

Risk Management

There are no known risks associated with the endorsement of this Report. The community has been consulted and the outcomes of this report provide some justification to pursue planning scheme amendments.

Environmental and Sustainability Considerations

The Report considers environmental values, hazards and constraints and seeks to ensure values are protected and hazards are mitigated within the scope of the project. Feedback from the community as part of this project identifies that the community places a high degree of importance on Cavendish's environmental features. The endorsement of this report signals to the community those environmental assets that are important and should be protected.

Community Consultation and Communication

Stakeholder engagement was undertaken to inform the outcomes of the Report. The purpose of the engagement was to gain an understanding of local issues and the priorities of residents and business owners in Cavendish. Consultation activities included:

- Interviews with key Southern Grampians Shire Council officers and relevant external agencies.
- A community listening post session.
- An online survey completed by 22 community members.

Community feedback is summarised as follows:

- There is a great deal of community ownership reflected in the number and variety of community organisations and clubs and community run events.
- Environmental features are important i.e. the Wannon River and scattered River Red Gums.
- Recreation facilities and accommodation are the most important township asset.
- Employment (or lack of) is a major limitation on township growth.
- Population growth is desired to support public and recreation facilities and as a means of economic growth.
- There is a shortage of rural residential land available for development. Increasing supply will help attract and retain population.

Once endorsed by Council, the document will be placed on the public record and made available on Council's website. The community will be advised through the Cavendish newsletter and the Report can be used to assist in the development of the upcoming Cavendish Community Plan.

As Council further progresses community engagement on CVF 2041 over coming months, the opportunity will exist to explain how landowners may wish to use the information contained in this report to inform their future land-use options.

Disclosure of Interests

All Council Officers involved in the development and advice provided in this Report affirm that no direct or indirect interests need to be declared in relation to any matters in this Report.

RECOMMENDATION

That Council:

1. Endorse the Cavendish Structure Plan: Background Report 2019.
2. Publish the findings of the Cavendish Structure Plan: Background Report 2019 on Council's website.
3. Use these findings as an input into Community Vision Framework 2041 as appropriate.

10.8 Tender 28-19: Cox Street “Front Door” Precinct Streetscape Design Project

Directorate: David Moloney, Director Shire Infrastructure
Author: Rohit Srivastava, Manager Assets
Attachments: None

Executive Summary

The Cox Street “Front Door” Precinct Project design was completed in March 2019 and estimates for the project were obtained from a third party engineering firm to confirm Councils budget allocation.

Tenders were advertised in June 2019 with 5 tenders received. On review of the 5 tenders received the submitted prices ranged between \$8.8M to \$14M, which was significantly over Councils’ cost estimate.

With Council committed to the Cox Street “Front Door” Precinct Project this report examines the options for Council going forward in regards to the delivering the project in various forms.

It is recommended that Council:

1. Defer the Cox Street “Front Door” Precinct Project to the 2020-2021 financial year, while continuing to progress re-zoning works; and
2. Undertake efforts to secure additional external funding to complete the entire project.

Background

Streetscape Design Project is jointly funded by Council with financial assistance from Regional Development Victoria (RDV) with an overall budget of \$4.6M. The key objectives of the project were:

- Objective 1 Re-build shared trail footpaths for pedestrian and cyclist safety
- Objective 2 Develop VicRoads Reservation for community space and liveability
- Objective 3 Re-build Cox Street for improved water management and drainage
- Objective 4 Improve and diversify retail, business and services spaces
- Objective 5 Increase and diversify the number of jobs
- Objective 6 Increase tourism visitations
- Objective 7 Improved access, amenity and connectivity to the CBD and digital connectivity
- Objective 8 Improved transport infrastructure, safety, management

A concept design was completed in 2015 by Michael Smith and Associates. Council engaged Meinhardt Engineering in November 2018 to complete the detailed design. Both Michael Smith and Associates and Meinhardt Engineering had estimates of \$4.6M to undertake these works.

Council advertised the tender and received five submissions, ranging from \$8.8M to \$14M. The received tenders are considerably higher than the budgeted amounts.

Discussion

Considering the received tenders are considerably higher than the Council budget, the options are discussed below for consideration, along with the recommendation.

Option 1. Defer the project to the next financial year, source extra external funding & continue re-zoning works

The tenders received are considerably higher than the Council budget. There is no committed extra funding towards the project, either from the Council or from RDV. Considering the existing budget is \$4.6M against the received tenders between \$9M to \$14M, it is recommended to cancel the existing tender and carry forward the existing project with the committed funding to the next financial year. In the meantime, Council's CEO and officers work to secure additional external funding.

Pros: Council is seen as upfront and transparent in its decision making.

Cons: There will be loss of reputation and upset community. Community will see this as a failure to deliver agreed outcomes.

Recommendation: It is recommended to use transparent and clear communications strategy to deliver the message to the community on reasoning of the decision.

Option 2: Explore the option of requesting the tenderers to hold the price

The project cost is known now and in the meantime, Council negotiates and gets commitment of extra funding from another funding source.

Pros: Project cost is known now for the project to be executed in the next financial year.

Cons:

- Preferred Tenderer is likely not to agree to hold the price
- Council would need to approach all the tenders requesting them to hold the price for another year;
- Council would be doing this without securing complete project funding;
- Tenderers are more likely to have some conditions to mitigate risks before they commit to hold the price (if at all);
- The future market conditions are unknown and the conditions may become favourable for Council.

Recommendation: In light of unknowns at this stage, it is recommended not to consider Option 2.

Option 3: Negotiate reduced works with the preferred tenderer – Is not an Option

Considering the approved funding is about \$4.6M and the submitted tenderers are about \$9M, negotiating the works with the preferred tenderer on only Council assets – footpath, landscaping etc. is not an option as there will be considerable change in the scope of works to the advertised tender to meet the available project budget.

A snapshot from the Victorian Local Government Best Practise Guidelines 2013 is presented below.

4. maintenance of intent and scope: negotiations which change the scope or intent of the contract creating a material difference (see **Section 3.3 Breaches of requirement to give public notice**) risk breaching section 186 of the Act. A tender which has been poorly scoped must not be 'downsized' in negotiation to meet, for example, a budget allowance. The resulting tender may be one to which smaller tenderers could have submitted proposals if they were aware of the realistic scope. The smaller contract may, in fact, be a new contract which should be subject to section 186 of the Act in its own right.¹³⁴ There is also a risk of breaching the *Competition and Consumer Act 2010* (Cwlth) in that the original request for tender may be found to be misleading or deceptive conduct.

Option 4: Deliver Council assets only & leave RRV assets

Pros:

- Council can initiate the works on its assets irrespective of commitment from RRV;
- Community is happy that Council has started the project

Cons:

- Council must re-scope and re-tender the project (due to Option 3);
- Council would be doing this without commitment from RRV on upgrades on their assets;
- Council would be partly meeting the current project objectives;
- Council may require RDV approval to use the existing funding on re-scoped project;
- Technically, executing project in two halves would be challenging.

Financial and Resource Implications

- It is recommended to defer the project and the available grant to the next financial year;
- Considering above, there are no financial implications on the Council.

Legislation, Council Plan and Policy Impacts

This report assists Council in meeting its obligations under the Local Government Act 1989.

This report also relates to the:

- 2019-2020 Southern Grampians Shire Council Budget.
- 2017-2021 Council Plan – 5.1.2 Ensure responsible, effective and efficient use of Council resources
- Southern Grampians Shire Council Procure Policy and Guidelines

Risk Management

What are the benefits/risks:

- The risks are Council fails to secure extra funding to execute the project in the next financial year;
- Council secures the extra funding as per the tenders received this year, and next year after re-tendering, there is again a funding gap.

Environmental and Sustainability Considerations

Council considers environmental and sustainability factors while selecting preferred tenderer.

Community Consultation and Communication

Council officers will draft a communications strategy to inform community on Council's decision.

Disclosure of Interests

All Council Officers involved in the development and advice provided in this Report affirm that no direct or indirect interests need to be declared in relation to any matters in this Report.

The evaluation panel affirm that no direct or indirect interests need to be declared in relation to any matters in this Report:

RECOMMENDATION

That Council:

1. Defer the Cox Street "Front Door" Precinct Project to the 2020-2021 financial year, while continuing to progress re-zoning works; and
2. Undertake efforts to secure additional external funding to complete the entire project.

10.9 Tender 41-19: Turnbull Street Sports Courts, Coleraine

Southern Grampians Shire Council does not make any Council Reports in relation to Tenders public before the Council Meeting. This is to ensure the integrity of the procurement process and limit the potential for any parties to try and influence Council's decision making process based on the recommendations from Council staff. The Report has been distributed to Councillors. The Report will be available to the public in the Council Meeting Minutes.

10.10 Tender 44-19 2019/2020 Long Term Dry Plant Hire

Southern Grampians Shire Council does not make any Council Reports in relation to Tenders public before the Council Meeting. This is to ensure the integrity of the procurement process and limit the potential for any parties to try and influence Council's decision making process based on the recommendations from Council staff. The Report has been distributed to Councillors. The Report will be available to the public in the Council Meeting Minutes.

10.11 5-19 HRLX Stage 3 Canteen Upgrade – Variation to Contract Value

Directorate: David Moloney, Director Shire Infrastructure
Author: Rohit Srivastava, Manager Assets
Attachments: None

Executive Summary

Council awarded the contract to refurbish HRLX canteen, kitchen and ablution block to UltraBuild Pty Ltd on 17 June 2019. The works were to refurbish the Canteen in accordance with the HRLX master plan.

Variations to the contract have been negotiated with the contractor to enable Council to have additional works be done in accordance with the building condition assessments and redesign of the kitchen to function more efficiently.

The variations for this contract are over those that Council has delegated to the CEO in the procurement policy and therefore the procurement policy requires a report to Council for approval of the new contract value.

It is recommended that Council approve the new contract value to \$354,601.73 (incl. GST).

Background

Council awarded the contract to refurbish HRLX canteen, kitchen and ablution block to UltraBuild for the value of \$273,581.10 on 17 June 2019.

Variation 1 was approved to the Contractor to ensure kitchen complies with the environmental health standards to the value of \$53,845.00 (incl. GST).

Now, Variation 2 is required to cover minor works to the value of \$27,175.63 (incl. GST) to ensure future services are delivered from newly designed kitchen and canteen.

The overall Contract value would become \$354,601.73 (incl. GST).

Discussion

HRLX provides considerable economic benefits to the community and this work is in accordance with the Masterplan. It is important that Council refurbish the canteen to a standard which meets the regulations and prepares the HRLX canteen for the future service needs.

The project has budget of \$174,000 (excl. GST) from 2018/19 carry forward to this financial year;

The project has allocation of \$154,000 (excl. GST) from current year's Buildings capital budget

Considering above budgets, there is no requirement of extra funding, the overall project budget is \$360,800.00 (incl. GST) against the new proposed Contract value of \$354,601.73 (incl. GST).

New Contract Value Including all Variations	Variation % (whether one or more variations)	Process type	Approval by
\$150,000.00 and above	Variation less than 20% and less than \$75,000	Variation Certificate	Approved by Chief Executive Officer
\$150,000 and above	Variation greater than \$75,000	Council Report	Approved by Council at monthly meeting

Procurement Guidelines – Variation Delegations

Variation 1 awarded under delegation as per the procurement guidelines. Variation 2 is required to be approved by Council as the two variations total more than \$75,000.

Financial and Resource Implications

- The project is budgeted within the Council’s capital works programme for the financial year 2019/2020;
- Overall, the project will be within the budgeted amounts;
- Considering above, there are no financial implications on the Council.

Legislation, Council Plan and Policy Impacts

This report assists Council in meeting its obligations under the Local Government Act 1989.

This report also relates to the:

- 2019-2020 Southern Grampians Shire Council Budget.
- 2017-2021 Council Plan – 5.1.2 Ensure responsible, effective and efficient use of Council resources
- SGSC Procurement Policy and Guidelines

Risk Management

What are the benefits/risks:

- The project is at its closing stages and should the new contract sum not be approved there is a risk to the delivery time frames for the canteen.

Environmental and Sustainability Considerations

Council officers and the Contractor has considered the environmental impacts – usage/disposal of materials on the project.

Community Consultation and Communication

Council officers have kept the stakeholders informed on the progress of the project.

Disclosure of Interests

All Council Officers involved in the development and advice provided in this Report affirm that no direct or indirect interests need to be declared in relation to any matters in this Report.

The evaluation panel affirm that no direct or indirect interests need to be declared in relation to any matters in this Report:

RECOMMENDATION

That Council approve the new contract value to \$354,601.73 (incl. GST) for Contract 5-19 HRLX Canteen Upgrade.

10.12 Tender 47-19: Byaduk-Ardoon Road Bridge Replacement

Southern Grampians Shire Council does not make any Council Reports in relation to Tenders public before the Council Meeting. This is to ensure the integrity of the procurement process and limit the potential for any parties to try and influence Council's decision making process based on the recommendations from Council staff. The Report has been distributed to Councillors. The Report will be available to the public in the Council Meeting Minutes.

10.13 Supply and Delivery of Road Making Materials - 24-19

Southern Grampians Shire Council does not make any Council Reports in relation to Tenders public before the Council Meeting. This is to ensure the integrity of the procurement process and limit the potential for any parties to try and influence Council's decision making process based on the recommendations from Council staff. The Report has been distributed to Councillors. The Report will be available to the public in the Council Meeting Minutes.

10.14 Sealed Pavement Heavy Patching/Micro Stabilising - 27-19

Southern Grampians Shire Council does not make any Council Reports in relation to Tenders public before the Council Meeting. This is to ensure the integrity of the procurement process and limit the potential for any parties to try and influence Council's decision making process based on the recommendations from Council staff. The Report has been distributed to Councillors. The Report will be available to the public in the Council Meeting Minutes.

10.15 Review of 2018-2019 Capital Works Report

Directorate: David Moloney, Director Shire Infrastructure
Author: David Moloney, Director Shire Infrastructure
Attachments: None

Executive Summary

The capital program forms a significant proportion of Council's budget. In 2018-2019, over \$20M was allocated to capital works projects across the Shire with this being forecast back to \$16M. This report indicates the progress to date on the capital works program. Assessments of the capital program delivery is to the 30 June 2019 and compares actual and forecast targets.

Southern Grampians Shire Council has 246 projects in the capital works program that were to be delivered this financial year. At the end of the financial year all projects were started (which were not deferred) with 227 projects being completed. This equates to 92% of the capital works program delivered for the 2018-2019 FY.

This report is for noting by the Council.

Discussion

The capital program forms a significant proportion of Council's budget. In 2018-2019, over \$20M has been allocated to capital works projects across the Shire. With contracts let and expenditure due to go across financial years on projects such as Cox Street, Industrial Land project and King Street, the forecast budget has been revised to \$16M. The works included:

- Road and Bridge Upgrades
- Footpaths
- Playgrounds
- Building Maintenance
- Art Gallery/PAC Maintenance
- Library
- Culverts
- Kerb and Channel
- Recreation Centres and Facilities
- Cox Street Upgrade
- Industrial Land Project
- Landfill
- Livestock Exchange Project Stage 1 and 2

The aim of the capital program is to provide targeted funding on projects to maintain or improve Council's infrastructure, assets and services. The review of the program is important to ensure the projects are delivered. This report looks at the actual delivery of the 2018-2019 capital program.

After Council adopted the 2018-2019 budget, Council Officers forecast the capital program for the following criteria:

1. Forecast project start date
2. Forecast project finish date
3. Forecast expenditure

Each month staff update the progress of their projects and charts are developed to monitor the progress of the program.

Time

The 2018-2019 Budget listed 246 projects to be delivered across the range of areas listed above. These projects range from \$2,000 to \$2.5M. This report does not include flood recovery projects.

Figure 1, Project Start Dates, shows a comparison between the forecast start date for projects and the actual start dates for projects.

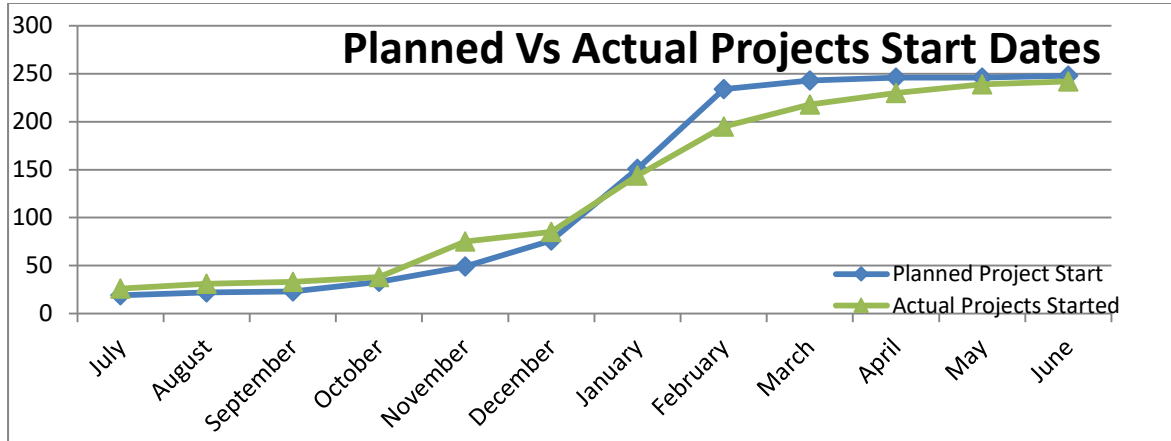


Figure 1 Project Start Dates

Figure 1 shows that Council started 242 projects which equates to all projects excluding those which were deferred.

Figure 2, Project finish dates, shows the forecast finish dates for projects against the actual finish dates. Figure 2 shows Council completed 227 of the 246 projects.

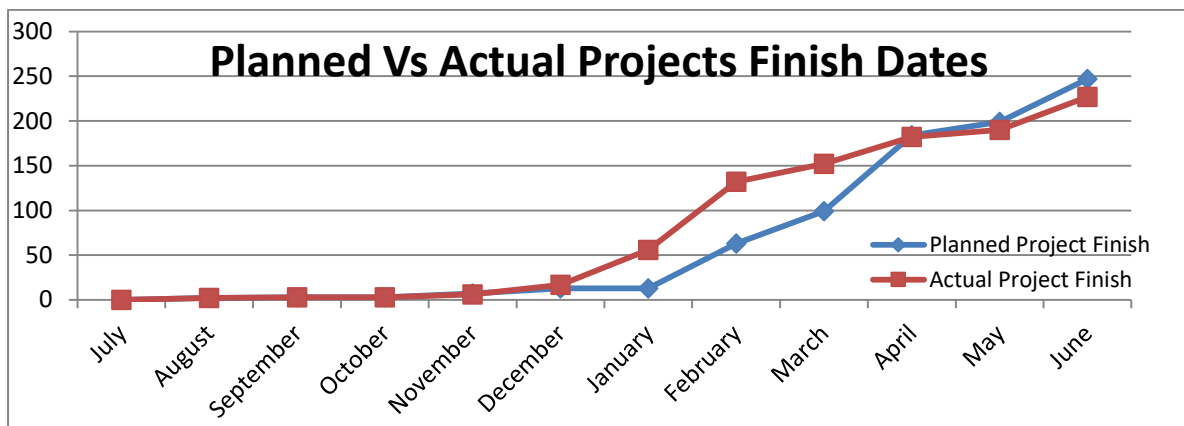


Figure 2 Project finish dates

Figure 3, Forecast Expenditure vs Actual Expenditure, shows the forecast expenditure vs the actual expenditure on projects. Figure 3 shows that expenditure is relatively low when compared to the budget expenditure.

While the actual costs are down against forecast and commitments for expenditure, where a purchase order has been issued but the product or service has not been delivered is not included in this assessment. An example of this is that there is currently \$812,000 in committed expenditure for the purchase of some heavy fleet items where delivery has not taken place due to the long lead time with plant. This would increase the expenditure significantly once they are delivered.

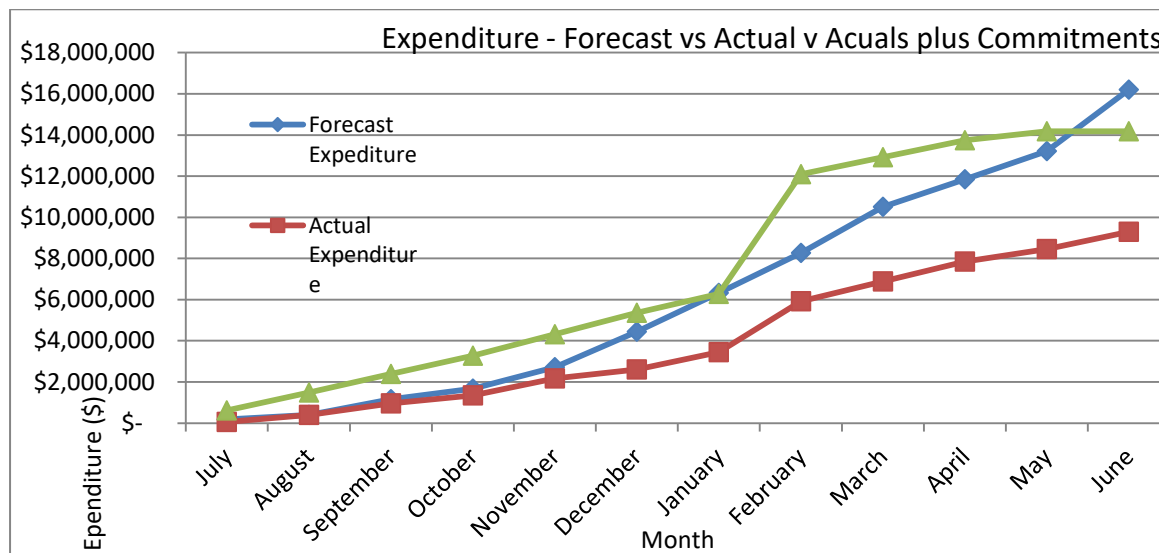


Figure 3 Forecast Expenditure vs Actual Expenditure

Project Status	Actual	Planned
Not Started	0	0
Started	242	246
Completed	227	246
Deferred	4	0

Figure 4 Project Status Summary

Figure 4, Project Status Summary, shows the program against the planned program delivery.

Overall, there has been significant progress made over the past 3 years. Council has put significant effort in to getting an early delivery of the Capital Program. Figure 5 shows the progress on capital works delivery over the last 3 years. Figure 5 shows there has been a gradual increase in the delivery of the capital works from 63% in 2016-2017 to 92% in 2018-2019.

	2016-2017	2017-2018	2018-2019
No of Projects	254	306	246
Delivery (%)	63%	77%	92%

Figure 5 Three Year Capital Works Delivery

The major area of improvement has been the internal renewal program where delivery of the full program of roads, reseals, gravel re-sheeting and major culverts occurred including an additional \$450,000 in Fixing Country Roads (FCR) funding from the State Government.

The main programs still to be delivered are the bridge and heavy fleet program.

Legislation, Council Plan and Policy Impacts

This report assists Council in meeting its obligations under the *Local Government Act 1989*.

This report also relates to the:

- Southern Grampians Shire Council – 2017-2021 Council Plan and;
- 2018-2019 Southern Grampians Shire Council Budget.

Disclosure of Interests

All Council Officers involved in the development and advice provided in this report affirm that no direct or indirect interests need to be declared in relation to any matters in this report.

RECOMMENDATION

The review of the delivery 2018-2019 Capital Program is received by Southern Grampians Shire Council.

11 Notices of Motion

There are no Notices of Motion listed on tonight's agenda.

12 Delegated Reports

Reports on external Committees and Representative Bodies for which Councillors have been appointed as a representative by Council.

13 Mayors and Councillors Reports

Address from the Mayor and Councillors in relation to matters of civic leadership and community representation, including acknowledgement of community groups and individuals, information arising from internal Committees, advocacy on behalf of constituents and other topics of significance.

14 Confidential Matters

There are no confidential items listed on tonight's Agenda.

15 Close of Meeting

This concludes the business of the meeting.