



**Southern Grampians**  
SHIRE COUNCIL

# Council Meeting Agenda

Ordinary Meeting  
22 February 2017

To be held at 5.30pm in the Council  
Chambers at 5 Market Place, Hamilton

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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 Michael McCarthy - Director Shire Futures  
Mr David Moloney – Director Shire Infrastructure  
Ms Megan Kruger – 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 14 December 2016 and the Special Meeting of Council held on 8 February 2017 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 no later than **2 days 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 15 copies 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

An Assembly of Councillors is defined in section 3 of the *Local Government Act 1989* to include Advisory Committees of Council if at least one Councillor is present or, a planned or scheduled meeting attended by at least half of the Councillors and one Council Officer that considers matters intended or likely to be the subject of a Council decision.

Written records of Assemblies of Councillors must be kept and include the names of all Councillors and members of Council staff attending, the matters considered, any conflict of interest disclosures made by a Councillor attending, and whether a Councillor who has disclosed a conflict of interest leaves the assembly.

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.

An Assembly of Councillors record was kept for:

- Council Meeting – 14 December 2016
- Municipal Fire Management Planning Committee - 15 December 2016
- Municipal Emergency Management Planning Committee - 15 December 2016
- Hamilton Regional Livestock Exchange Advisory Committee - 7 February 2017
- Special Meeting of Council – 8 February 2017
- Audit & Risk Committee - 15 February 2017

### 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	
<b>Title:</b>	Municipal Fire Management Planning Committee - MFMP
<b>Date:</b>	15 December 2016
<b>Location:</b>	Martin J Hynes Auditorium
<b>Councillors in Attendance:</b>	Cr Greg McAdam
<b>Council Staff in Attendance:</b>	Ken Ross, David Moloney, Brian Urwin, Terri Horsten

The Assembly commenced at 10:30 am

MATTERS CONSIDERED		CONFLICTS OF INTEREST DECLARED
<b>1</b>	Welcome, introductions and apologies:	Nil
<b>2</b>	Confirmation of the previous MFMP minutes 26 May 2016	Nil
<b>3</b>	Business arising from the minutes <ul style="list-style-type: none"> <li>o Routine maintenance for the airport – nothing further</li> <li>o Brigade Advisory Group formation – nothing further</li> <li>o Forest Owners Representative to be included as a committee member</li> <li>o VicRoads assistance with planned burns</li> <li>o Mt Rouse Emergency Management Plan</li> </ul>	Nil
<b>4</b>	Correspondence	Nil
<b>5</b>	Fire Access Road Subsidy Scheme (FARSS)	Nil
<b>6</b>	New Business <ul style="list-style-type: none"> <li>o Schedule 13 – Issuing ‘the permit to burn by a private person’</li> <li>o Southern Grampians Shire Emergency Management Hypothetical (desktop) / Mock Exercise 8</li> <li>o DELWP land near Balmoral pool requiring attention</li> <li>o Forest Fire Management Victoria (FFMVic) branding</li> </ul>	Nil
<b>7</b>	Other Business <ul style="list-style-type: none"> <li>o Steve Lewis concerned over the grass cutting and maintenance</li> <li>o Peter Linke advised that Mt Rouse</li> <li>o Ken Ross advised that the community debrief of the Coleraine flood event</li> <li>o Rockbank Road Bridge</li> <li>o Mt Napier fire track access</li> <li>o Ken Ross also advised that he was moving to Euroa in Strathbogie</li> </ul>	Nil
<b>8</b>	Next Meeting 23 March 2017, Time 10:30am, Venue Martin J Hynes Auditorium	Nil

The Assembly concluded at 11:45

# ASSEMBLY OF COUNCILLORS



Southern Grampians  
Shire Council

ASSEMBLY DETAILS	
<b>Title:</b>	Municipal Emergency Management Planning Committee MEMPC
<b>Date:</b>	15 December 2016
<b>Location:</b>	Martin J Hynes Auditorium
<b>Councillors in Attendance:</b>	Cr Greg McAdam,
<b>Council Staff in Attendance:</b>	David Moloney, Brian Urwin, Nola McFarlane, Ken Ross, Pauline Porter, Terri Horsten.

The Assembly commenced at 12:30 pm

MATTERS CONSIDERED		CONFLICTS OF INTEREST DECLARED
<b>1</b>	Welcome and Apologies	Nil
<b>2</b>	Previous Minutes	Nil
<b>3</b>	Sub-Committee Reports <ul style="list-style-type: none"> <li>◦ Municipal Flood Emergency Management Planning Committee:</li> <li>◦ Municipal Relief and Recovery Committee:</li> <li>◦ Community Resilience Committee:</li> <li>◦ CERA Risk Assessment Sub Committee:</li> </ul>	Nil
<b>4</b>	Standing Agenda Items: <ul style="list-style-type: none"> <li>◦ MEMP Updates (Legislative Changes Etc):</li> <li>◦ Revision of parts of the MEMP:</li> <li>◦ Update MEMP Contact Directory:</li> <li>◦ Desktop Exercise by CFA:</li> <li>◦ Exercise by DHS&amp;H:</li> </ul>	Nil
<b>5</b>	Actions Arising from Previous Minutes <ul style="list-style-type: none"> <li>◦ Multi-Agency Facility:</li> </ul>	Nil
<b>6</b>	Other Agenda Items: <ul style="list-style-type: none"> <li>◦ Discussion on the meeting constitution and running format:</li> <li>◦ Acceptance of the Relief and Recovery Sub Plan:</li> <li>◦ Changes to Legislation and Preparing for Change:</li> <li>◦ Change in Meeting Location:</li> </ul>	Nil
<b>7</b>	Other Business: <ul style="list-style-type: none"> <li>◦ Agency Updates</li> </ul>	Nil
<b>8</b>	Next Meeting: Date: 23 March 2017 Time: 12:30 pm Venue: MJH Auditorium	Nil

The Assembly concluded at 2:30 pm



# ASSEMBLY OF COUNCILLORS



Southern Grampians  
Shire Council

ASSEMBLY DETAILS	
<b>Title:</b>	Ordinary Meeting of Council
<b>Date:</b>	14 December 2016
<b>Location:</b>	Council Chambers, Market Place Hamilton
<b>Councillors in Attendance:</b>	Cr Mary-Ann Brown - Mayor Cr Chris Sharples - Deputy Mayor Cr Colin Dunkley Cr Greg McAdam Cr Albert Calvano Cr Cathy Armstrong Cr Katrina Rainsford
<b>Council Staff in Attendance:</b>	Mr Michael McCarthy – Director Shire Futures Mr David Moloney – Director Shire Infrastructure Mrs Evelyn Arnold, Director Community Corporate Services Ms Megan Kruger – Governance Coordinator

The Assembly commenced at 1.00pm

MATTERS CONSIDERED		CONFLICTS OF INTEREST DECLARED
1.	Councillor Expenses Policy	
2.	Councillor and Staff Interactions Policy	
3.	Annual Plan Quarterly Report	
4.	Procurement Policy Review	
5.	Operation of Council Outdoor Pools Policy	
6.	Waste Services Financial Review	
7.	Proposed Road Name Change – Mount Rouse Tourist Road as Walker Road Peshurst	Cr Rainsford
8.	Tender No. 40/16 – Rehabilitation of Hamilton Landfill (Stages 3 and 4)	

The Assembly concluded at 6.54pm

# ASSEMBLY OF COUNCILLORS



Southern Grampians  
Shire Council

ASSEMBLY DETAILS	
<b>Title:</b>	Hamilton Regional Livestock Exchange Advisory Committee
<b>Date:</b>	7 February 2017
<b>Location:</b>	MJ Hynes Auditorium
<b>Councillors in Attendance:</b>	Cr Greg McAdam
<b>Council Staff in Attendance:</b>	David Moloney, Greg Gunn, Chris Dahlenburg, Terri Horsten

The Assembly commenced at 4:00 pm

MATTERS CONSIDERED		CONFLICTS OF INTEREST DECLARED
<b>1</b>	Welcome and Apologies	Nil
<b>2</b>	Previous Minutes	Nil
<b>3</b>	Actions from Previous Minutes	Nil
<b>4</b>	Livestock Exchange Development	Nil
<b>5</b>	NLIS	Nil
<b>6</b>	Funding Applications	Nil
<b>7</b>	Throughput Report	Nil
<b>8</b>	Other Business: <ul style="list-style-type: none"> <li>- Mortlake Development</li> <li>- Reducing The Dust</li> </ul>	Nil

The Assembly concluded at 4:45 pm

## ASSEMBLY OF COUNCILLORS

ASSEMBLY DETAILS	
<b>Title:</b>	Special Meeting of Council
<b>Date:</b>	8 February 2017
<b>Location:</b>	Council Chambers, Market Place Hamilton
<b>Councillors in Attendance:</b>	Cr Mary-Ann Brown - Mayor Cr Chris Sharples - Deputy Mayor Cr Colin Dunkley Cr Greg McAdam Cr Cathy Armstrong Cr Katrina Rainsford
<b>Council Staff in Attendance:</b>	Mr Michael McCarthy – Director Shire Futures Mr David Moloney – Director Shire Infrastructure Mrs Evelyn Arnold, Director Community Corporate Services Ms Megan Kruger – Governance Coordinator

The Assembly commenced at 5.30pm

MATTERS CONSIDERED		CONFLICTS OF INTEREST DECLARED
9.	Councillor Code of Conduct	

The Assembly concluded at 5.37pm



## ASSEMBLY OF COUNCILLORS

ASSEMBLY DETAILS	
<b>Title:</b>	Audit & Risk Committee Meeting
<b>Date:</b>	15 February 2017
<b>Location:</b>	Brown Street Conference Room
<b>Councillors in Attendance:</b>	Mayor Mary-Ann Brown, Cr Colin Dunkley
<b>Council Staff in Attendance:</b>	Evelyn Arnold, Belinda Johnson, Russell Bennett, Jason Cay, Vickie Williams, Nadine Rhook, Nola McFarlane

The Assembly commenced at 2.00 pm

MATTERS CONSIDERED		CONFLICTS OF INTEREST DECLARED
1	Internal Audit Charter & Appointment of Internal Auditor	Nil
2	External Auditors – Audit Strategy	Nil
3	Review of Strategic Risk Register & Action Plan	Nil
4	Progress Report on Current Actions	Nil
5	Internal Audit	Nil
6	External Audit – Audit Strategy & External Audits – Change of Name	Nil
7	Reports released by other Government Agencies	Nil
8	Policy Development	Nil
9	Items for Information: Standard Statements, 2017/2018 Budget Preparation, Council Plan, Service Planning/Reviews, Organisational Realignment, Natural Disaster (Flooding) Matters & Essential Services – Notification of Rate Capping.	Nil

The Assembly concluded at 3.48pm

## 10. Management Reports

### 10.1 Councillor Oath of Office

**Directorate:** Michael Tudball, Chief Executive Office  
**Author:** Megan Kruger, Governance Coordinator  
**Attachments:** 1. Oaths of Office

#### Executive Summary

Following the 2016 General Election and the swearing of Councillor Oath's of Office the Local Government Investigations and Compliance Inspectorate identified inconsistencies with the wording of the Oath's across Victoria due to confusion about the requirements of the Acts and Guidelines. Local Government Victoria asked that all Council's redo the Councillor Oath's of Office, to ensure consistent wording was used throughout Victoria, by 2 February 2017.

#### Discussion

All Councillors were asked to swear the Oath of Office:

"I swear by Almighty God that I will undertake the duties of the office of Councillor in the best interests of the people in the municipal district of and faithfully and impartially carry out the functions, powers, authorities and discretions vested in me under the Local Government Act 1989 or any other Act to the best of my skill and judgment."

All seven Councillors of the Southern Grampians Shire Council swore their Oath of Office in front of Council's CEO on the following dates:

- Cr Armstrong – 21 January 2017
- Cr Brown – 3 January 2017
- Cr Calvano – 23 December 2016
- Cr Dunkley – 21 January 2017
- Cr McAdam – 30 December 2016
- Cr Rainsford – 21 January 2017
- Cr Sharples – 21 January 2017

#### Legislation, Council Plan and Policy Impacts

In accordance with Section 63 of the Local Government Act 1989, a person elected to be a Councillor is not capable of acting as a Councillor unless he or she has taken the Oath of Office.

#### 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 updated Councillor Oath's of Office undertaken by the seven Councillors of the Southern Grampians Shire Council in December 2016 and January 2017.

## 10.2 Councillor Allowances

**Directorate:** Michael Tudball, Chief Executive Office  
**Author:** Megan Kruger, Governance Coordinator  
**Attachments:** None

### Executive Summary

Council is required to review its Mayoral and Councillor allowances by 30 June following a General Election.

Following the adjustment factor of 2.5% applied to the Mayoral and Councillor Allowances by the Minister for Local Government it is recommended that Council give public notice of its proposal to set the Mayoral Allowance at \$59,257 and the Councillor Allowance at \$19,834.

### Discussion

Section 74 of the Local Government Act 1989 (the Act) requires that Councils review the level of Mayoral and Councillor Allowances within 6 months of a General Election, or by 30 June following a General Election, whichever is later.

Council is also required to give public notice of any proposal in relation to setting Allowances and invite public submissions on the proposal.

The Minister for Local Government, Nathalie Hutchins, published details of the Mayoral and Councillors Allowances Adjustment following the 2016 General Election in the Victoria Government Gazette on 24 November 2016. An adjustment factor of 2.5% was applied to Mayoral and Councillor Allowances.

This increase has been applied to the Allowances for the Mayor and Councillors of the Southern Grampians Shire Council and it is recommended that Council give public notice of its proposal to set the Mayoral Allowance at \$59,257 and the Councillor Allowance at \$19,834.

### Financial and Resource Implications

The Mayoral and Councillor Allowances have been increased by 2.5% following the adjustment by the Minister for Local Government. This is a state wide increase applied to all Allowances across all categories. Each year the Minister for Local Government must review the limits and ranges of Mayoral and Councillor and have regard to movements in the levels of remuneration of executives within the meaning of the Public Administration Act 2004. Once an adjustment is published in relation to an adjustment of Allowances a Council must increase the level of Allowances in accordance with the notice.

### Legislation, Council Plan and Policy Impacts

Section 74 of the Local Government Act 1989 (the Act) requires that Councils review the level of Mayoral and Councillor Allowances within 6 months of a General Election, or by 30 June following a General Election, whichever is later and give public notice of any proposal in relation to setting Allowances and invite public submissions.

### Risk Management

There are no risk management issues in relation to the setting of Mayoral and Councillor Allowances.

**Environmental and Sustainability Considerations**

There are no environmental or sustainability considerations in relation to the setting of Mayoral and Councillor Allowances.

**Community Consultation and Communication**

Community consultation will be completed through the s223 public submission process.

**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**

1. That Council give notice of its proposal to set the Mayoral Allowance at \$59,257 and the Councillor Allowance at \$19,834.
2. That following the expiration of the public notice period a further Report be presented to Council.

### **10.3 Variation to Design and Construction for Bridge Repairs and Maintenance Works Contract 03-16**

**Directorate:** Michael Tudball, Chief Executive Office  
**Author:** Nola McFarlane Manager Flood Recovery  
**Attachments:** None

#### **Executive Summary**

The Flood and Storm event of September /October 2016 resulted in widespread damage to the essential public infrastructure network within the Southern Grampians Shire. Assessment of damage is still being undertaken, however new flood caused damage has been identified on a number of bridges which are part of a repair and maintenance contract.

Council has a current contract for Design and Construction for Bridge Repairs and Maintenance Works (Tender 03-16) with MF & JL Willmore Pty Ltd after advertisement in March 2016. The scope of the original contract was varied in June 2016 to include works consistent with those required in the reinstatement of flood damage.

Costs associated with this contract will be claimed under the National Disaster Relief and Recovery Arrangements for providing Natural Disaster Financial Assistance to Local Government for event AGRN728 Victorian Floods and Storms (September/ October 2016).

An extension to the current contract value is sought for completion of works to reinstate flood damage on the attached list of bridges and culverts. The total value of the extension sought is \$115,000 (inc GST) or 16% of the original contract sum of \$707,812.

The original tender submissions were evaluated based on tendered price, demonstrated performance, available resources, methodology OHS and environmental sustainability.

The recommendation is to extend Contract No.03-16 Design and Construction for Bridge Repairs and Maintenance Works by 16%, adding \$115,000 to the GST inclusive price of the original contract.

#### **Discussion**

Natural Disaster Financial Assistance (NDFA) for local councils in Victoria is provided by the Victorian State Government to assist in the recovery process and alleviate some of the financial burden that may be experienced following a natural disaster, in accordance with the Commonwealth-State Natural Disaster Relief and Recovery Arrangements (NDRRA). The event is identified by Australian Government Reference Number (AGRN) 728 Victorian Floods and Storms (September/October 2016).

Specifically, financial support is provided to assist municipal councils with costs associated with:

- Certain counter disaster operations, including repairs to assets damaged by counter disaster operations;
- The restoration and emergency protection works to essential public assets damaged as a direct result of a natural disaster – including the repair of roads and bridges, levees, local government offices and storm water infrastructure;
- The establishment and operation of relief and recovery centres;

Damage to public infrastructure has been identified on 241 Roads (of 943 roads listed) and over 50% of the inspected bridges.



Seeking an extension to the current contract will enable reinstatement works to be completed on bridges that are already within the contract (6 bridges highlighted in green below). Two additional structures (Walkers Rd Bridge and Chetwynd-Narren Road Major Culvert) require urgent works due to extensive damage. The Chetwynd – Nareen Road remains closed to traffic until this damage is reinstated.

Asset #	Road Name	Bridge Name	In current contract	Inspection
14217	Cavendish-Coleraine Road	Dundas Creek	Yes	
14233	Rocklands Road	Glenelg River	Yes	
14235	Sandford Road	Wennicott Creek	Yes	Incomplete
14240	Walkers Road	Back Creek	No	Incomplete
14251	Nareen Road	Sugarloaf Creek	Yes	Incomplete
14262	Tarrington-Strathkeller Road	Grange Burn	Yes	Incomplete
14263	Nigretta Road	Wannon River	Yes	Incomplete
14328	Chetwynd-Narren Road	Chetwynd River	No	

Incomplete inspections are a result of the presence of water at the time of inspection. Additional works on these assets may be identified as the inspections are finalised, and any required additional reinstatement works would be subject to a new tender process.

Extension of the contract will enable works to be completed this construction (dry) season. Re-advertising the proposed works as a new contract may result in the works not being completed whilst the waterways are accessible.

### Financial and Resource Implications

- The proposed works will be completed within the National Disaster Relief and Recovery Arrangement Guidelines
- Costs associated with the contract extension are largely claimable under these arrangements. Some pre-existing damage has been identified in the inspections and will require expenditure from Council's maintenance budget (estimated at 5% of total cost)
- The works program has been agreed to as fair and reasonable reinstatement of damage by Vic Roads, who are responsible for auditing Council's claim for Natural Disaster Financial Assistance
- Quotes have been received for the above listed works and have been assessed as reasonable and having parity with the prices provided for the pre flood damage works. The quoted works on the individual assets are below the procurement guideline trigger for tender processes
- An advance payment of \$4 Million has been received from the Department of Treasury and Finance to support flood restoration works such that there will be no implication on Council's Reserves.
- Council does not have resources available to complete the proposed works, which are works additional to those adopted in the current budget.

**Legislation, Council Plan and Policy Impacts**

## Procurement Policy and Guidelines 3.10 Variations

The actual works are subject to numerous legislative considerations including Cultural Heritage, Flora and Fauna Protection, Works on Waterways and construction standards/guidelines

Emergency Management Manual of Victoria part 4 State Emergency Relief and Recovery Plan

Municipal Emergency Management Plan 2014-2017  
Draft Municipal Relief and Recovery Plan 2015-2017

Council Plan 2013-2017 objectives 1 and 4

**Risk Management**

Traffic management is currently in place at a number of these locations for the safety of the travelling public. The Chetwynd-Nareen Road is currently closed to traffic. Completion of these works will remove the identified hazards and reduce the risk of harm.

Contractor will be asked to provide current documentation in relation to OH&S and Environmental Sustainability and Insurances.

**Environmental and Sustainability Considerations**

Permits and authorisation will be sought to ensure that the environmental protective legislation and protection of cultural sites and discovery are adhered to.

**Community Consultation and Communication**

Public notice was given of the tender in accordance with section 186 of the Local Government Act 1989 and the tender process complied with Council's Procurement Policy.

Vic Roads have been advised of the recommendation to extend a current contract for the completion of these reinstatement works

Department of Treasury and Finance will be advised at the completion of works through the lodgement of a claim against AGRN 728 Victorian Floods and Storms (September/October 2016)

The contractor will be notified by the Procurements Officer of the decision made by Council at its meeting on 22 February 2017

**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 contract 03-16 Design and Construction for Bridge Repairs and Maintenance Works with MF & JL Willmore Pty Ltd be varied by \$115,000 inclusive of GST.

## 10.4 Audit Committee - Minutes and Internal Audit Charter

**Directorate:** Evelyn Arnold, Director Community and Corporate Services  
**Author:** Evelyn Arnold, DCCS  
**Attachments:** 2. Minutes 14/12/2016, 3. Internal Audit Charter

### Executive Summary

The Minutes from the December meeting and the Internal Audit Charter as endorsed by the Audit and Risk Committee (ARC) are presented to Council for noting.

### 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 Internal Audit Charter (attached) represents the next step in the process to appoint an Internal Auditor. This builds on the ARC recommendation that to assist in the identification and mitigation of risk, an internal audit process be undertaken. 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 Council:

1. Notes the Minutes for the Audit Committee meetings for 14/12/2016 (as attached); and
2. Notes and accepts the Internal Audit Charter (as attached).

## **10.5 Financial Statements to 31 December 2016 & 31 January 2017 – 16/17 Budget**

**Directorate:** Evelyn Arnold, Director Community and Corporate Services  
**Author:** Jason Cay, Finance Coordinator  
**Attachments:** 4. December 2016 Financial Statements; 5. January 2017 Financial Statements

### **Executive Summary**

The Financial Reports for the period 1 July 2016 to 31 December 2016 and the 1 July 2016 to 31 January 2017 (copies attached) have been prepared to provide information regarding Council's current financial position.

The reports include an Income Statement, balance sheet and statement of cash flows. A narrative has also been prepared to explain variances between 2016/17 Budget and actual performance.

### **Discussion**

The financial report includes an Income Statement, Balance Sheet, Statement of Cash Flows, Statement of Capital Work and Statement of Human Resources. A detailed narrative has also been prepared to explain variances between 2016/17 Budget, the anticipated forecast and actual performance.

#### **Income Statement (Operating Statement)**

Council is forecasting an operating surplus for the 2016/17 financial year. A larger operating surplus was originally budgeted however the carryover of some operating projects into the 2016/17 year has slightly reduced the surplus.

#### **Balance Sheet**

The budgeted balance sheet is understated in net equity and Property, Plant & Equipment due to the late revaluation of infrastructure assets. This revaluation was completed prior to the end of 2015/16, however after the 2016/17 budget had been prepared. All other balance sheet items are forecast to be close to their original estimates.

#### **Statement of Cash flows**

Cash balances are strong with \$21.5m of cash and investments held at the end of December. This means all commitments can be met with cash, as and when required. Even with the carry forward of capital works and some unexpected expenses, Council is still forecasting a strong end of year cash position.

#### **Statement of Capital Works**

Council budgeted \$15.58m of capital works. \$0.67m of 2015/16 Capital works were incomplete and have been forecast for the current year.

Actual expenditure to 31 January of \$4.626m has occurred (28% of the forecast amount).

#### **Statement of Human Resources**

The breakup between operating and capital salaries is variable for a large proportion of Council's workforce (Infrastructure Services in particular). Capital Expenditure is seasonal due the majority of works occurring during the construction season. Overall the spend was at 93% of the forecast at the end of January.

## Legislation, Council Plan and Policy Impacts

### Council Plan

The financial report provides interim information on the financial progress of the achievement of the Annual Budget. Financial sustainability and compliance with our annual budget are specifically identified as strategies within the Council Plan.

### Legislation

Section 138 of the Local Government Act 1989 requires that at least every three months, the CEO must ensure that a statement comparing the budgeted and actual revenue and expenditure for the financial year is presented to the Council at a Council meeting which is open to the public. Financial reports are generally prepared following the month ends of September, December, January, February, March, April & May. The June report forms part of Council's Annual Report.

Council is also required to implement the principles of sound financial management detailed in Section 136 of the Local Government Act 1989 which states:

- 1) A Council must implement the principles of sound financial management.
- 2) The principles of sound financial management are that a Council must-
  - (a) manage financial risks faced by the Council prudently, having regard to economic circumstances;
  - (b) pursue spending and rating policies that are consistent with a reasonable degree of stability in the level of the rates burden;
  - (c) ensure that decisions are made and actions are taken having regard to their financial effects on future generations;
  - (d) ensure full, accurate and timely disclosure of financial information relating to the Council.
- 3) The risks referred to in subsection (2)(a) include risks relating to-
  - (a) the level of Council debt;
  - (b) the commercial or entrepreneurial activities of the Council;
  - (c) the management and maintenance of assets;
  - (d) the management of current and future liabilities;
  - (e) *changes in the structure of the rates and charges base.*

### 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 financial reports for the period 1 July 2016 to 31 December 2016 and the 1 July 2016 to 31 January 2017 be received.

## 10.6 Hamilton CBD Liveability and Economic Revitalisation Project

**Directorate:** Michael McCarthy, Director Shire Futures  
**Author:** Hugh Koch, Manager Economic Development and Tourism  
**Attachments:** None

### Executive Summary

This report describes the first stage of the five stage “Hamilton CBD Liveability and Economic Revitalisation” project. It represents the first steps in fulfilling the vision for the Shire’s CBD “To be the civic, shopping, business, entertainment, social, cultural and community heart of the city and region”.

This report also highlights the indicative five stages that will represent a carefully planned and sequenced cascade of design and construction phases over the next decade including:

- Stage 1 Cox Street “Front Door Retail Precinct and Street Scape”
- Stage 2 Melville Oval netball relocation and Lonsdale Street connection
- Stage 3 Botanical Gardens and Gray Street pedestrian connections to the CBD
- Stage 4 Brown and Thompson Street
- Stage 5 French and Kennedy Streets

The report also details the \$4.054m first stage Cox Street “Front Door Retail Precinct and Street Scape” which, once developed, will unlock approx. 3400 square metres of prime retail frontage, create new jobs, address access and safety issues and improve community amenity.

To progress this project it is recommended that Council commit to the “Hamilton CBD Liveability and Economic Revitalisation” project by submitting an application to the Australian Government’s Building Better Regions Fund – Infrastructure Projects Stream for stage one of the project. .

### Discussion

In 2011 Council adopted the Hamilton Structure Plan (HSP) which included the Cox Street Master Plan (CSMP). These documents provide the directions for a large retail precinct in Hamilton’s Central Business District (CBD). Based on a key recommendation of the HSP, the CSMP has reiterated the need for a significant upgrade of the Cox Street landscape.

This “Cox Street “Front Door Precinct, Retail and Street Scape”” has been identified following extensive consultation completed during the Hamilton Structure Plan, from which it is a key recommendation. The project received unanimous support from both the community and Council after 18 months of consultation and Planning Panel endorsement (Amendment C25).

This project seeks to address a range of issues identified through stakeholder workshops and written submissions to the Hamilton Structure Plan.

These issues chiefly include enhancing and improving:

- The quality of public infrastructure;
- Local economic activity and services;
- Increased retail diversification and space;
- Enabling connectivity infrastructure;
- The character of the Cox Street Precinct (and the CBD as a whole);
- Improving pedestrian safety, access and comfort within the Cox Street Precinct.

The Hamilton Structure Plan identifies a vision for the CBD: to be the civic, shopping, business, entertainment, social, cultural and community heart of the city and region”, which is:

- Safe and walkable;
- Linked to the CBD Digital Ecosystem
- Accessible to all by all means of transport;
- Vibrant and busy;
- Able to attract, grow and diversify business and;
- Co-locate services for improved service access, integration and co-ordination;
- Themed for a showcase of our colonial and indigenous its heritage,
- A reflection of our landscapes providing open spaces and streetscapes;
- Transformative with the capacity to evolve and intensify over time,
- Accommodating to meet the needs of the local, municipal and regional community, both residential and business in a compact and efficient urban form.

To progress the vision and tackle the issues identified in the HSP a “Hamilton CBD Liveability and Economic Revitalisation” Project was developed to consider a staged approach over the next decade commencing in 2017/18. Each stage represents a carefully planned and sequenced cascade of design and construction phases. The Hamilton City gateways, boulevards, laneways and pathways will connect new retail, services and community spaces. From the city gateways and across the CBD, each stage will connect retail, government services, tourism and sporting facilities, cultural, historic, parkland and botanical spaces.

The indicative stages are as follows:

Stage 1 Cox Street “Front Door Retail Precinct and Street Scape”

Stage 2 Melville Oval netball relocation and Lonsdale Street connection

Stage 3 Botanical Gardens and Gray Street pedestrian connections to the CBD

Stage 4 Brown and Thompson Street

Stage 5 French and Kennedy Streets

Stage 1, the Cox Street “Front Door Precinct and Street Scape” has been designed and endorsed by Council in December 2015. This Stage has seven sections providing for a significant and strategic upgrade of civil and landscaping works.

Cox Street is the western gateway to the Hamilton CBD from Ballarat and Melbourne. Large volumes of cars, campers, buses, trucks and B doubles use this route for a daily commute, business and travel. This first stage will deliver immediate safety and access issues that have been outstanding for some time. It will demonstrate the new quality and standard of urban form expected as part of the Hamilton Structure Plan.

This first stage will also unlock retail land providing approx. 3400 square metres of prime retail frontage creating new jobs and safe pedestrian access and community amenity. And, it will commence the roll out of enabling infrastructure to grow the CBD Digital Ecosystem.

The seven sections of Stage 1 include:

Section 1 West Side of Cox Street, North of Gray Street

Section 2 West Side of Cox Street, South of Gray Street

Section 3 :East Side of Cox Street, North of Gray Street

Section 4: East Side of Cox Street, South of Gray Street

Section 5: Roundabout at Lonsdale & Cox Street

Section 6: Roundabout & Raised Pedestrian Crossing at Gray Street

Section 7: 3 m Wide Medians in Cox Street

Arts Design, Installation and Signage



The following drivers have been identified for this project:

- Economic and Retail Development, Diversification and Growth
- Population Growth
- Improved Hamilton City gateway
- Visitors and Overnight Stay
- Transport Safety
- Community Safety and Access
- Civic Pride and Amenity
- CBD Connectivity

## **KEY BENEFITS**

### **New and Improved Infrastructure**

#### **Objective 1: Re-build Shared trail footpaths for pedestrian and cyclist safety**

##### **Benefit**

The project will reverse this trend by delivering critical infrastructure upgrades including footpath widening, landscaping, parking, roundabout and traffic lane modifications.

For example, the existing kerb on the west side of Cox Street will be retained, on the east side, the kerb will be moved between 1.3 -6.5 meters to accommodate a new median strip, more parallel parking and a shared footpath.

#### **Objective 2: Develop VicRoads Reservation for community space and liveability**

##### **Benefit**

In the past, redevelopment and improvement has been hindered by the VicRoads Road Reservation.

The land tenure issues have been resolved and the redundancy of the VicRoads Road Reservation will provide sufficient space for footpath/shared trail and boulevard treatment for a revitalised street scape with community oriented spaces.

The provision of shade and shelter including trees, shade structures and/or shelters will create a comfortable micro-climate and to create an inviting and welcoming space for users.

#### **Objective 3: Re-build Cox Street for improved water management and drainage**

##### **Benefit**

Cox Street has considerable slope to the south from Clarendon Street. Both sides of Cox Street warrant replacement of kerb and channel and be integrated with new and existing footpaths.

#### **Objective 3 Improved transport infrastructure, safety, management**

Reconfiguration of the asphalt road and roundabout at the Lonsdale Street and Cox Street intersection will provide safer spaces that address the needs of pedestrian mobility and accessibility to the Catholic Church and Western District Health Service.

### **Economic Benefit**

#### **Objective 4: Improve and diversify retail, business and services spaces Improved access**

**Objective 5: Increase and diversify the number of jobs**

Stage 1 Section 1-7 of the CBD Revitalisation Project will create an additional 3400m<sup>2</sup> of retail space. This space will attract private sector investment of approx \$10.2 million through new retail and trading opportunities. Using our economic modelling software estimates that once build this retail precinct will generate at least \$5.52m annually into the Southern Grampians Shire Gross Regional Product and an additional 85.61 full time jobs.

During construction this project will generate an additional \$2.62 million in Gross Regional Product for the Southern Grampians Shire and a total additional output of \$7.83 million to the economy. At least 20.68 full time equivalent jobs will also be created for the duration of the project.

**Objective 6: Improved traffic safety and management**

Cox Street is the link between the eastern approach from Ballarat Road to connect in a north west direction to Horsham, Coleraine, Mt Gambier and Adelaide. It also has a high degree of local traffic. A traffic management strategy is required to minimise disruption to business traffic including: local; commuter; travellers and large haulage vehicles moving stock and timber.

**Objective 7: Increase tourism visitations**

Strengthening the Southern Grampians and Regional tourism sector provides employment and economic opportunities. It also improves the Shire's liveability and attractiveness especially at the Hamilton City gateways.

This first stage of the project will grow the retail sector with a more diverse and modern retail mix and encourage more visitors to stop, and enjoy the Hamilton CBD.

Street features including: paving, signage treatments, public art, street furniture, lighting, trees etc.) and themes (colours, materials, plant species etc.) have been integrated into the planning for improved amenity and pleasurable experience for workers, community and visitors.

With well-articulated/ designed active frontages and edges with pedestrian and cyclist shared trail and leisure shelters ie seats and picnic areas set within a generous 20 m wide boulevard avenue of large canopy trees new investment and the business economy will grow.

**Social Inclusion****Objective 8: Develop VicRoads Reservation for access and amenity**

This project will allow business certainty so as a staged development can take place as business and expansion opportunities present. This is supported by the Hamilton Structure Plan, the Hamilton City Centre Urban Design Framework and the Southern Grampians Shire Retail Strategy. Together these plans support social integration, amenity, economic development, health and well-being and cultural expansion.

These public spaces will meet the Australian Safety Standards, Healthy By Design Guidelines, Crime Prevention through Environmental Design principles, and other relevant industry standards concerning pedestrian and traffic safety.

**Objective 9: Improved access, amenity and connectivity to the CBD and digital connectivity**

The establishment of a quality landscape and evergreen boulevard of native trees, will integrate Cox Street with the Samuel Fitzpatrick Gardens. This will reduce heat impacts for users of the existing footpath. Furthermore, the avenue of Elms, English Oaks and Lemon Scented Gums also provide a connection to the Saint Mary's church. The elevated position of the Church is clearly evident from the northern approach to the "Cox Street Front Door

Retail Precinct and Street Scape". Improved amenity and safety will attract more pedestrians and attraction to visitors.

The current pedestrian access across Cox Street does not meet the appropriate standards and requires upgrade. Increase safety, mobility, accessibility and comfort for pedestrians throughout the precinct and at key intersections and CBD gateway entries will be provided by a

- Pedestrian Path
- Cycle Trail
- Lighting
- Truck and vehicle movement management.

The Cox Street retail precinct will commence the roll out of the enabling digital infrastructure to improve quality of life, for entertainment, security and meet other needs of residents, visitors and emergency management services.

To further this project and commence the revitalisation of the Hamilton CBD external funding is required. An expression of interest has been submitted to Regional Development Victoria seeking support for the project through the Regional Infrastructure Fund however it is unknown at the time of writing the report the response.

The Australian Government's Building Better Regions Fund - Infrastructure Projects Stream provides funding for projects which involve the construction of new infrastructure, or the upgrade or extension of existing infrastructure that provide economic and social benefits to regional and remote areas. Applications for the Infrastructure Projects Stream close at 5pm local time on 28 February 2017.

Guidelines for the program highlight that an application:

- Must have a contribution from applicants of 50% of the project cost (1 for 1 funding i.e. \$2 million contribution matched by \$2 million from the program)
- Can consider co-funding from other sources such as State (but must be confirmed)
- Ready to commence within 12 weeks of executing the grant agreement
- external consulting costs directly related to the delivery of the construction – eligible
- project completed by 31 December 2019

Further an application will be judged against the Merit Criteria of – 1. Economic benefit 2. Social benefit 3. Value for money 4. Project delivery.

To be competitive you must score highly against all of the criteria.

- The economic benefit your project will deliver to the region during and beyond the construction phase.
- The social benefit your project will deliver to the region during and beyond the construction phase.
- The value for money offered by your project.
- Your capacity, capability and resources to carry out the project.

The Hamilton CBD Liveability and Economic Revitalisation Project demonstrate that it is a worthy project to be considered under the funding guidelines. A council contribution of \$2,051,290 will need to be confirmed as part of the application. At this point we are unable to confirm a contribution from the State Government through RDV's - Regional Infrastructure Fund therefore we are unable to include as a co funding source. This allows Council to seek further interest from this funding source in subsequent stages once they have been designed and demonstrates a clear intent to continue with a program of revitalisation in the future. It is expected that this project (depending on its start date) would occur over two or three financial years.

### **Financial and Resource Implications**

Indicative costings have been prepared to implement the project. The project is estimated to cost a total of approximately \$4.054 million over seven (7) stages.

Section 1 West Side of Cox Street, North of Gray Street	\$ 340,000
Section 2 West Side of Cox Street, South of Gray Street	\$ 475,000
Section 3 : East Side of Cox Street, North of Gray Street	\$1,052,000
Section 4: East Side of Cox Street, South of Gray Street	\$1,104,000
Section 5: Roundabout at Lonsdale & Cox Street	\$ 181,000
Section 6: Roundabout & Raised Pedestrian Crossing Gray St	\$ 348,000
Section 7: 3 m Wide Medians in Cox Street	\$ 274,000
Arts Design, Installation and Signage	\$ 220,000
Project Management	\$ 60,000
	<b>TOTAL \$4,054,000</b>

Detailed documentation suitable for construction will be prepared for each stage of the project and costs confirmed. External contracted project management skills have also been budgeted for and are eligible under funding guidelines. The project will be coordinated by the Infrastructure Unit with a project control group with representatives from Council's Engineering and Projects, Community Engagement, Economic Development and Planning & Environment unit established to oversee the project.

Should Council be successful in its application consideration will need to be given to the internal funding of the project but indicatively Council could budget for \$300,000 in 2016/17, \$500,000 in 17/18, \$551,350 in 18/19.

A Planning Scheme Amendment will need to be developed to realign the road width to accommodate the 3 metre median strip which is critical for pedestrian safety and the enhancement of the amenity and presentation of this key entry point. This cost will be absorbed through normal operation budgets within the strategic planning area.

### **Legislation, Council Plan and Policy Impacts**

The Hamilton Structure Plan (2011) and the Hamilton City Centre Urban Design Framework (2011) guide development and investment within the Hamilton Central Business District. Of relevance to the Cox Street Streetscape Design project, the structure plan and urban design framework recommend (amongst other matters) that future planning in the Central Business District should:

- Establish an alternative heavy route to reclaim Lonsdale and Cox Streets.
- Strengthen urban gateways and edges of key streets.
- Strengthen links between the Grange Burn and the Hamilton Central Business District.
- Define and consolidate the retail core.
- Protect key views to landmarks and landscapes.
- Ensure a safe and amenable pedestrian setting on key retail pathways.
- Invigorate inter block laneways and resolve ownership to 'unlock' central development sites.
- Provide places for and accommodating the needs of youth and other groups within the community.
- Investigate opportunities for the integration of public art.

The project also links with the following Strategic Planning documents:

#### **SOUTHERN GRAMPIANS SHIRE**

Southern Grampians and Glenelg Digital Strategy 2015  
Road Management Plan

Strategic Resources Plan  
Tourism Strategic Plan  
Planning Scheme Policy  
Positive Ageing  
Health and Well Being Plan  
Community Inclusion  
Municipal Emergency Management Plan  
Neighbourhood Safer Places Plan  
Arts and Culture Strategic Plan

#### REGIONAL

GSC Regional Plan 2010  
GSC Regional Plan Update 2014  
GSC Digital Strategy 2016  
Greater Green Triangle Freight Action Plan  
Great South Coast Food and Fibre Strategy and Action Plan  
Great South Coast Regional Growth Plan  
Grampians Tourism Strategic Plan

#### **Risk Management**

A full risk management plan has been developed for the project and will be further evaluated once detailed drawings are complete. Council's experience in managing major projects such as the Hamilton Airport and Hamilton Regional Livestock Exchange Redevelopment Project will be utilised.

The site is highly visible and as such will attract a high level of public scrutiny. This Risk Management Plan has been prepared in accordance with "ISO 31000: 2009 Risk Management Principles and Guidelines".

The Hamilton CBD Liveability and Economic Revitalisation Project Stage 1 detailed design is influenced by multi discipline engineering components as civil, structural, storm water, mechanical and electrical and high visibility and high use traffic area. This risk management plan includes consideration to all relevant standards and specifications requirement in the detailed design and construction across engineering components.

#### **Environmental and Sustainability Considerations**

Further to those environmental benefits highlighted in the discussion, this project is compliant with the Victorian Government's Urban Design Charter Principles. This Charter aims for community inclusivity and encourages environmental sustainability, in terms of reducing carbon footprint, encouraging recycling and long term materials selection.

#### **Community Consultation and Communication**

The Hamilton CBD Revitalisation Project was identified following extensive consultation completed during the Hamilton Structure Plan. The project received unanimous support from both the community and Council after 18 months of consultation and Planning Panel endorsement (Amendment C25).

The Stage 1 of the project has been guided by a Community Reference Group (comprising community representatives, a representative of the Hamilton Regional Business Association, a representative the Hamilton Community Inclusion Advisory Committee and government authorities).

In March 2015, Council released the draft Cox Street Streetscape Design for public comment. Letters were sent to all affected landowners/ businesses. Electronic versions of the draft streetscape plans were available on Council's website (hard copy versions were available at the Hamilton Library and council offices). An information session was also held with community members and the project consultant (Michael Smith and Associates).

Further engagement with the community has been identified as a key milestone in the draft project management plan.

A Planning Scheme Amendment will need to be developed to realign the road width to accommodate the 3 metre median strip which is critical for pedestrian safety and the enhancement of the amenity and presentation of this key entry point. This process will require further notification and community consultation.

Following resolution by Council to prepare an application to the Building Better Regions Fund – Infrastructure Projects Stream a media release will be prepared and a letter notifying Member for Wannan, Mr Dan Tehan of our application will be sent.

### **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. Commit to the "Hamilton CBD Liveability and Economic Revitalisation" project
2. Submit an application to the Australian Government's Building Better Regions Fund – Infrastructure Projects Stream for Stage one of the project.

## 10.7 Scoping Study and Master Plan for a New Hamilton Gallery

**Director:** Michael McCarthy, Director Shire Futures  
**Author:** Sarah Schmidt, Director, Hamilton Gallery  
**Attachments:** 6. Scoping Study and Master Plan Brief for a New Hamilton Gallery

### Executive Summary

This report discusses the background to the development of a project brief for a new Hamilton Gallery and seeks Council's endorsement of that brief.

The Scoping Study and Master Plan project will identify the development potential of a new gallery building, its ideal location and scale of operation. The project will generate concept drawings of the proposed development and economic modelling to forecast impact on the local and regional economy in order to substantiate the recommended investment, and manage funding submissions. The recommendation of this report is that the Scoping Study and Master Plan project brief for a New Hamilton Gallery be endorsed.

### Discussion

Hamilton Gallery is recognised as having one of the most valuable collections of art in a regional public gallery, Australia wide. Inadequate storage facilities were identified in Council's *Illuminate: Arts and Culture Discussion paper* (2013) p.18, highlighting the need to upgrade the facilities and Southern Grampians Shire Council has identified that arts, culture and heritage are crucial to the region's development socially, culturally, environmentally and economically (*Arts and Culture Strategic Plan* (2014) – a guiding principle).

The Scoping Study and Master Plan project brief follows a successful business case from the Gallery in June 2016 that resulted in the Council decision to commit \$100,000 to such a study. The business case envisaged matching funding; the project should not proceed without the full budget of between \$200-250,000. The business case proposed the Scoping and Master Plan project as the next step in Council's planning for a Gallery that supports the tourism aims of the Greater Hamilton region, improves the storage environment of this valuable collection and encourages arts participation.

The Scoping Study and Master Plan will furnish the Council with advice on the options available regarding housing of the Gallery and its \$22million collection. The aim of the project is to better leverage from the value of this collection and build Hamilton Gallery as an economic driver for the region and its tourism. This project has also become necessary, to remain competitive in the cultural industries and in order to receive institutional loans and care for the collection according to museum best practice, particularly a climate controlled environment. The scoping study will also consider the needs for an accessible Gallery that encourages community participation in the Gallery's operations. It will ensure community consultation and a rigorous and well-planned approach, ascertaining the most appropriate scenario and weighing complex considerations of scale and location. It will model the economic contribution of the proposed development to the region.

The aims and process recommended in the brief will be used to support funding applications to state and federal governments, as well as communicate around potential commercial and philanthropic investments.

### Financial and Resource Implications

- The appropriate budget for undertaking the scoping study is \$200-250,000.

- Further funding of a minimum of \$100,000 to match the 2016/17 SGSC commitment – which may include external funding from either philanthropic or Government – is necessary.
- The project will not begin until the necessary matching funding is found or committed.
- Council's \$100,000 contribution to this project has been committed in the 2016/17 budget.

### **Legislation, Council Plan and Policy Impacts**

SGSC Asset Management Strategy, policy statement: "Council recognizes that assets must be planned, provided and refurbished so that they continue to meet the service delivery needs of the community."

#### *SGSC Arts and Culture Strategic Plan 2014*

Arts, culture and heritage are crucial to the region's development socially, culturally, environmentally and economically (guiding principle)

- Increase participation and engagement with the Shire's creative facilities, programs and services by further developing these environments to be more vibrant and inclusive.
- Support innovative improvements to infrastructure that create accessible, sustainable environments that improve participation in the arts
- Utilise and build upon our substantial strengths in arts and culture to support and enhance tourism

#### *Council Plan*

Strategy 3.2.2: Provide high quality and inclusive cultural facilities, services and experiences

### **Risk Management**

The benefits to the community are as stated in the *SGSC Arts and Culture Strategic Plan 2014*, concerning liveability, culture and wellbeing. The only risk at this stage is that a study is completed at great expense and the funding is not found to activate the recommendations of the study. The comparative risk, of not doing anything, is considered greater when the Gallery 'constitutes the largest single asset that the Shire owns' (citing *Illuminate: Arts and Culture Discussion paper (2013) p.25*). This fact implies that this asset must remain competitive and appropriate as a facility, in order to keep its value and for custodial responsibility to the collection. It mitigates risk to have a scoping study and master planning prepared before undertaking a large scale capital project.

### **Environmental and Sustainability Considerations**

The building and the project overall, must follow accepted sustainability principles, for example around energy efficiency, sustainable building materials and climate resilience. See p. 9 of the Scoping Study and Master Plan Project Brief. The Tender documentation will require best practice in the area of Environmental and Sustainability Considerations.

### **Community Consultation and Communication**

Strong community consultation will be a feature of the project, with the broad community including key stakeholders, the Hamilton Gallery Trust, the Friends of Hamilton Gallery and The Felix Group. The Project Manager will be required to coordinate and manage all consultation with the community. An extensive consultation program will need to be designed to ensure a comprehensive understanding by the community regarding each step in the process.



The resolution of Council will be appropriately communicated by media release to the local community and relevant government contacts.

### **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. Endorses the Scoping Study and Master Plan brief for a new Hamilton Gallery;
2. Seeks external funding for the project;
3. Proceeds to tender of the project upon receipt of the matching funding.

## 10.8 Hamilton Gallery Foundation

**Directorate:** Michael McCarthy, Director Shire Futures  
**Author:** Sarah Schmidt, Director, Hamilton Gallery  
**Attachments:** None

### Executive Summary

This report communicates the intention to form the Hamilton Gallery Foundation for the specific purpose of fundraising for a major building project. It is proposed that the Foundation's governance structure and membership will be determined following investigation including formal advice from a charity law expert. The Foundation is intended for banking fundraising and philanthropic contributions to the building project. Strategy around the appropriate mix of fundraising and philanthropy will be formulated by the Foundation Board.

This report recommends that the Hamilton Gallery Foundation report is received and the proposal endorsed and directs staff to investigate the various legal structures and return to council with recommendations once those investigations are complete.

### Discussion

This report is confined to tabling the proposal for a Hamilton Gallery Foundation, for the endorsement of Council. The next step is to identify the legal structure; the Gallery will begin investigating the options on the structure now, to be in an early position to inform the scoping project and to be able to demonstrate philanthropic support for the project at an early point. The planning towards a Foundation will give long term consideration to Council asset management and governance structures.

It is proposed that the Gallery Trust will be involved in the investigation and planning stages as the Foundation may impact their fundraising efforts, and potentially their structure.

The Hamilton Gallery Trust will be given full opportunity to examine any proposed revised structures.

The proposal is in alignment with the Gallery's recommendation of the project brief for scoping and master planning for a new Hamilton Gallery. The economic benefits of a foundation are to attract private contributions to the building project. There are no perceived disadvantages. The cultural and social benefits would flow from increased stakeholder buy-in to the project. The limitations include an already oversaturated fundraising landscape in the district.

The Gallery seeks Council support of the proposal and of the intention to proceed now with investigating the most appropriate Foundation structure including legal advice that will provide the exacting information needed for decision making, followed by the finalisation of that new legal structure. These stages are needed in order to be able to demonstrate philanthropic investment at an early point, when the Council makes approaches to State and Federal Government for funds towards the project.

### Financial and Resource Implications

- There will be some Initial costs to lay out the base options for research to commence now.

- Further legal costs would be incurred once a commitment is made to pursuing a particular avenue.
- Other costs could include publication of a fundraising prospectus, and employing a foundation manager.
- No money has been allocated to this project. The resource implication if the recommendations in this report are adopted should be positive and income generating.

### **Legislation, Council Plan and Policy Impacts**

Council Plan

Strategy 1.2.1

Further develop sound working relationships with external partners and stakeholders at local, regional, national and international levels

Strategy 1.3.1

Compliance with and application of prudent financial principles to the Council's annual budget

Strategy 1.3.3

Maintain a continuous improvement approach to all Council operations

### **Risk Management**

- This is not a proposal that carries high risk. Gallery communities across the state are accustomed to philanthropic/fundraising campaigns as part of building projects
- That our community is smaller is the greatest risk to the prospect of a foundation, especially when private schools and the health service are very effective fundraisers here.
- Nevertheless Council needs a mechanism for attracting private support which would generally be an expectation in the funding mix.

### **Environmental and Sustainability Considerations**

There are no special considerations in this category tied to this project.

### **Community Consultation and Communication**

The Gallery Trust and the Felix Group as key stakeholders in a new gallery vision have an awareness that the Gallery seeks to form a Gallery Foundation as a building fund to support the project.

The appropriate communication time, from Council to the general public, would be when a concrete proposal for the legal structure has been adopted by Council.

A communication strategy will be developed once the Foundation is established.

### **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 proposal to establish a dedicated building fund (Galley Foundation)
2. Investigate the most appropriate structure for a Gallery Foundation and present a recommendation on the legal structure and composition of the Foundation once the consultation and investigation is complete.

## 10.9 Planning Committee

**Directorate:** Michael McCarthy, Director Shire Futures  
**Author:** Michael McCarthy, Director Shire Futures  
**Attachments:** 7. Terms of Reference.

### Executive Summary

This report discusses the establishment of the Planning Committee in 2016 and proposes changes based on Council's decision to nominate two Councillors to that Committee. The current level of Planning Delegations to the Committee and to Council Officers remains unchanged. It is recommended that the new Terms of Reference be adopted.

### Discussion

The *Planning and Environment Act 1987* establishes duties and functions as Planning and Responsible Authorities. The Act provides that certain authority, responsibility and functions can be delegated to Committees of Council or Council officers. In delegating authority to officers, limitations may be imposed on the use of power, matter or thing delegated.

The establishment of the Planning Committee was designed to improve the transparency of Planning Decisions and provide sufficient flexibility to ensure that regulated time frames are met.

At its meeting in December 2016, the Council endorsed a change in the structure with two Councillors nominated to be members of that Committee, bringing about a need to change its Terms of Reference to reflect the change in composition.

The establishment of a Planning Committee provides a structure that allows for independent assessment whilst at the same time recognising that there is an obligation to administer regulatory/statutory responsibilities in an efficient and impartial way.

The establishment of a Planning Committee provides Councillors (who are not members of that Committee) with the formal opportunity to advocate or represent applicants, or objectors, in any planning decision should they wish to, by making submissions to the Planning Committee.

### Financial and Resource Implications

There are no costs associated with the recommendations of this report with the Committee continuing to be resourced within the existing staffing profile in the Futures Directorate.

### Legislation, Council Plan and Policy Impacts

The *Planning and Environment Act 1987* provides that certain local government authority, responsibility and functions can be delegated to Committees of Council or Council officers.

This recommendation is consistent with those provisions.

### Risk Management

There will be increased administration of the Planning Committee which will be absorbed by existing resources. A more open, inclusive and transparent process will reduce the risk of poor planning decisions and therefore the financial risk to Council.

**Environmental and Sustainability Considerations**

Planning decisions have the potential to impact on the economic, environmental and social aspects of the region. A streamlined, transparent and efficient service will support the overall well-being of the region.

**Community Consultation and Communication**

The Planning Committee meetings will be advertised and any member of the community will have the opportunity to attend those meetings.

**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 adopt the revised Terms of Reference for the Planning Committee.

## 10.10 Waste Financial Review

**Directorate:** Shire Infrastructure

**Author:** Greg Gunn, Team Leader Strategy & Operations

**Attachments:** 8. MacKenzie Environmental - Waste Services Financial Model

### Executive Summary

Council engaged Mackenzie Environmental in July 2017 to develop a financial model to analyse the long term financial cost of the existing and alternative waste services delivery models. The model was used to validate Council's current fees and to provide support for a Council Waste Services Strategy. Council acknowledged the receipt of the report at the December Council meeting and this is a follow up report on the recommendations.

The results of the financial model indicate that for Council's current waste services, the total NPV cost (i.e. short fall from waste revenues) to Council will be approximately \$8M over ten years. In order for waste service to operate on a cost neutral basis, the report indicates there will need to be a combination of changes to service provision including considerations in shelving of the Hamilton Landfill, implementing other waste scenarios and increasing fees.

The model developed and analysed a number changes to the operational and service provision changes. The total forecasted savings by implementing all of the changes represented by Scenarios 3 to 7 (which include the shelving of the landfill) are estimated to be \$7.4 million over ten years. A breakdown of the potential savings is provided below. These saving include allowances for any capital costs required to implement the scenarios.

It is recommended that Council adopt the following principles and implement the following recommendations:

1. Shelve Hamilton Landfill and install a transfer station while keeping the landfill licence open for future use
2. Engage external contractor to operate all transfer station operations.
3. Reduce transfer station hours of operation.
4. Use external contractor engaged for public litter bin collection service.
5. Fortnightly recycling collection in Hamilton.
6. Investigate the most appropriate Food Organics and Green Organics (FOGO) collection service.

### Background

Council engaged Mackenzie Environmental in July 2017 to develop a financial model to analyse the cost implications of the existing and alternative waste services delivery models. The model was used to validate Council current fees and to provide support for a Council Waste Services Strategy.

This report should be read in conjunction with The Mackenzie Environmental report, recently provided to Councillors for their consideration.

Mackenzie Environmental analysed changing a number of operational and service provision changes. The Scenarios modelled are:

- Scenario 1 – Current waste services; business as usual (BAU) case.
- Scenario 2 – BAU with closure (shelving) of Hamilton Landfill.
- Scenario 3 – Scenario 2 with mandatory food organics and garden organics (FOGO) collection service.

- Scenario 4 – BAU with external contractor engaged to operate all transfer station operations.
- Scenario 5 – BAU with reduced transfer station hours of operation.
- Scenario 6 – BAU with external contractor engaged for public litter bin collection service.
- Scenario 7 – BAU with fortnightly recycling collection in Hamilton.

### Discussion on Delivery Models

#### Scenario 1 – Current Waste Services

Scenario 1 of the financial model represents Council's current waste management services, or the 'business as usual' case.

The results of the financial model indicate that for Council's current waste services, the total NPV cost (i.e. cost above revenue) to Council will be approximately \$8M over ten years.

<b>Service</b>	<b>Current Fee</b>	<b>Actual Cost to Provide Service</b>
Landfill Gate Fees	\$164.50 and \$188 for municipal and commercial waste respectively	\$298 per tonne
Transfer Station Gate Fees		\$682
Kerbside Waste and Recycling Collection Fees	\$230	\$245.
Kerbside Organic Waste Collection Fee	\$83	\$63

The EPA is continually imposing higher construction, rehabilitation and licence standards. This has meant that operational and capital costs have increased substantially in recent years and this trend is likely to continue.

There is approximately 1 year of airspace remaining in the existing landfill. Under the Scenario 1 Business as Usual (BAU) the landfill will continue to operate as is, the licence keeps valid and waste will then be disposed at the new cell. A new haul road to this area would need to be constructed prior to opening the new cell. In addition, a specialised landfill compactor would be required to ensure that the waste is sufficiently compacted to save airspace and capital costs.

Considerable budget would need to be allocated for the planning and construction of the next cell which would need to commence within the next 3 months. Future cell construction requires that significant quantities of clay lining material will need to be sourced off site and there is a risk that sufficient volumes of quality material will not be available at economic haulage distances.

The disadvantages with this Scenario 1 are:

- Significant financial resources (\$8 M over 10 years) will be consumed by continuing business as usual (BAU).
- A landfill compactor will need to be purchased to efficiently operate new cells.
- Alternatives to using soil cover will need to be investigated and purchased (Landfill lids or Landfill Tarps).



- The construction of an access road to the new cells is required.
- Planning for the next cell(s) needs to commence in the near future.
- Significant rises in gate fees will be required to operate the services on a cost neutral basis and this will meet community resistance.
- The risk that EPA landfill and operational criteria will continue to become stricter.

#### Scenario 2 – Closure (Shelving) of Hamilton Landfill

Scenario 2 considers ceasing landfilling operations at the Hamilton Landfill and transporting waste to an alternative landfill, located at Dooen, Camperdown or Stawell. The Hamilton Transfer Station would operate as normal. Council would keep its land fill licence open so that the site could reopen at any stage in the future.

The main costs involved with this scenario, is transportation of waste to an alternative landfill are the landfill gate fees, transfer station upgrade costs and transport costs. The new cell would remain available to be used for contingency purposes.

This scenario offers a number of advantages:

- \$2,212,000 in savings over ten years.
- The Hamilton Transfer Station operations will continue unchanged.
- Closure will eliminate the need for SGSC to manage the landfill and remove the associated capital, regulatory and legacy risks.
- Eliminate the need to construct additional cells.

The disadvantages are that:

- The Council would be reliant on transport contractors and the disposal landfills remaining open and that their gate fees remain reasonable. This risk could be minimised by Council entering into long term contracts.
- The transfer station will require an upgrade to roof the acceptance area, and provide equipment and facilities to allow the waste transportation.

#### Scenario 3 – Scenario 2 with Mandatory FOGO Collection Service

Under this scenario a mandatory 240 litre fortnightly Food and Organics Service collection service would be introduced across the shire. Rather than transporting this waste to a landfill and incurring high gate fees, this material would be composted / processed for beneficial reuse.

The advantages of this scenario are:

- \$4,437,000 in savings over ten years.
- A 3 bin service is best practice and adopted by most Councils.
- Implementation of a mandatory FOGO collection service will improve convenience to residents and provide the opportunity for all households and reduce environmental impacts.
- A 20% reduction of waste diverted to the alternative landfill.
- Reduced landfill levy.

The disadvantages of introducing scenario are:

- The mandatory imposition of a 3<sup>rd</sup> service collection service adds to the burden of another annual fee and the cost of purchasing new bins on to residents.

#### Scenario 4 –Contract out Transfer Station Operation

Council's transfer stations are currently operated by a combination of Council and contractors. Under Scenario 4 the operation of all waste transfer stations with the exception of the Hamilton Transfer Station would be contracted out, a practice common across many Councils.

Western District Employment Access (WDEA) has provided an indicative rate for operation of the transfer stations of \$35 per hour.

The advantages of this scenario are:

- Savings of \$348,000 over ten years
- Reduced management and administration costs.

The disadvantage of this scenario is:

- Affects on Council staff currently working at the transfer stations.

#### Scenario 5 –Reduce Transfer Station Hours of Operation

Scenario 5 is based reducing the operating hours of Coleraine and Branxholme from 12 to 8 hours per week in line with other Transfer Stations. There is also scope in the future to further reduce all Transfer Station hours. With all townships within the Shire soon to have mandatory waste and recycling services the volume of waste currently being deposited at the transfer stations is expected to reduce.

The advantages of this scenario are:

- Savings of \$197,000 over ten years.

The disadvantage of this scenario is:

- Reduction of the level of service via transfer stations hours to some towns.

#### Scenario 6 – Contract out Public Litter Bin Collection

Council currently undertakes collection of approximately 220 waste public litter bins in Hamilton in house. The collection of waste public recycle bins are contracted to Wheelie Waste. Scenario 5 is based on contacting this service to Wheelie Waste which has quoted a price of \$3 per public litter bin.

The advantages of this scenario are:

- Savings of \$343,000 over ten years.
- The pending replacement of the ageing litter bin collection truck is not required.

The disadvantage of this scenario is:

- Affects to Council staff who currently undertake this work.

#### Scenario 7 – Fortnightly Recycling Collection in Hamilton

Scenario 7 considers the savings that could be made by replacing the Hamilton weekly 120 L recycling bin service with 240 L bins emptied fortnightly. This service model is provided in Shire townships and a common arrangement for recycling services in other municipalities in Victoria.

The current contract charge for the 120 L weekly service in Hamilton charged on a per bin collection. The recycling service provided in other towns within the Shire is a 240 L fortnightly service, and is charged at a similar rate per bin collected. For Scenario 7 it has been assumed that the charge for a fortnightly 240 L service in Hamilton and Council would cover the cost of replacing the 120L bins for 240L bins.

The cost of changing over bins has been based on an assumed cost of \$75 per bin for a bulk purchase of 4700 x 240 L wheelie bins, or a total of \$345,000. It is assumed that Council would purchase the bins rather than residents, as requiring residents to purchase a different sized recycling bin would be unpopular. It is assumed that the existing 120 L bins could be disposed to a recycler at no cost.

The modelling indicate that this scenario would provide \$994,000 of savings over ten years and assumes that the savings would be retained by Council in order to provide a cost neutral waste service.

The advantages of this scenario are:

- The introduction of a fortnightly service will significantly reduce collection costs.
- Savings of \$994,000 over ten years will include the cost of purchasing bins for households.
- The proposed service does not disadvantage the ratepayers.
- The introduction of a 240 L bin recycling collection service will standardise the bin services offered across Council.
- Implementation of a mandatory FOGO collection service and the 240 L bin recycling fortnightly collection is the model adopted by the majority of Victorian Councils.

The disadvantages of this scenario are:

- Council will incur the up-front cost of purchasing new bins.

### Alternative Fee Structure

An alternative fee structure was assessed based on closing (shelving) the Hamilton Landfill, contracting out the public litter bin collection, changing the recycling collection frequency in Hamilton to a fortnightly service, and excluding legacy landfill costs, which found that a 16% increase in fees charged by Council would be required in order for all of Council's waste management services to operate cost neutrally over ten years.

Service	Current Fee	Alternative Fee - Excluding Legacy Landfill Costs	Alternative Fee - Including Legacy Landfill Costs
% Increase	N/A	16%	29%
Landfill and transfer station gate fee (\$/t exc. landfill levy)	\$121	\$140	\$15 6
Kerbside waste and recycling collection fee	\$230	\$267	\$29 7
Kerbside organic waste collection fee	\$83	\$96	\$10 7

### Financial and Resource Implications

The results of the financial model indicate that for Council's current waste services, the total NPV cost (i.e. costs incurred above revenue) to Council will be approximately \$8M over ten years. Fees would need to be increased by a significant margin if the Business as Usual scenario is to operate on a cost neutral basis.

The total forecasted savings by implementing all of the changes represented by Scenarios 3 to 7 (which include the shelving of the landfill) are estimated to be \$6.3 million over ten years. A breakdown of the potential savings over ten years are provided below:

Scenario	Ten Year Savings over Scenario 1	Average Savings Per Year	Savings as a percentage <sup>1</sup>
2. BAU with Closure (shelving) of Hamilton Landfill	\$2,212,000	\$212,000	8.5%
3. Scenario 2 with Mandatory FOGO Collection Service	\$4,437,000	\$443,700	17.1% <sup>2</sup>
4. BAU with Contract Out Transfer Station Operation	\$348,000	\$34,800	1.3%
5. BAU with Reduce Transfer Station Hours	\$197,000	\$19,700	0.8%
6. BAU with Contract Out Public Litter Bin Collection	\$343,000	\$34,300	1.3%
7. BAU with Fortnightly Recycling Collection	\$994,000	\$99,400	3.8%
8. Scenario 2 with Mandatory Weekly FOGO, Weekly Recycling and Fortnightly Waste Collection	\$2,972,000	\$297,200	11.5% <sup>3</sup>
Total Scenarios 3 - 7	\$6,319,000	\$631,900	24.4%

The above operating scenarios do not recover all losses. An alternative fee structure was assessed based on implementing Scenarios 8 and found that a 16% increase in fees charged by Council would be required in order for all of Council's waste management services to operate cost neutrally over ten years.

The costs associated with the implementation of each scenario are listed and justified in the MacKenzie Environmental - Waste Services Financial Model Report and any funding required to implement the options will be dealt with through the budget process.

### Legislation, Council Plan and Policy Impacts

The strategic scenarios reviewed by the waste financial model are consistent with Council's objectives, according to the Council Plan 2013-17:

#### Outcome 5.1 Waste Management and Minimisation

Strategy 5.1.1 Reduce the volume of waste going to landfill.

Strategy 5.1.3 Divert organic waste from landfill.

Strategy 5.1.4 Increase the volume of recycled materials through continued community education programs.

Waste diversion is also a key objective of the Victorian Government Resource Recovery Infrastructure Plan and the Barwon Region South West Waste and Resource Recovery Group 2016/17 Strategy.

This report will also assist in Council meeting its obligations under the following legislation:

- Local Government Act, 1989
- EPA Act 1970

## **Risk Management**

### BAU Operational Risks

There are numerous risks associated with continuing the BAU scenario and these include:

- Estimated \$8M loss over the ten years.
- Increasing regulatory criteria for constructing and operating landfills.
- Obtaining materials for the construction and rehabilitation of the new cells.
- Optimising airspace by increasing compaction and reducing soil cover.

### Scenario Risks

Although the above risks are largely eliminated by implementing the operational Scenarios 3 to 7, introduction of the new scenarios would introduce a number of additional risks which include:

- Capital requirements to upgrade the Transfer Station.
- Capital requirements to purchase recycling bins.
- Contractual risks transferring waste to an alternative landfill.
- Community Opposition to increased kerbside charges.

The above risks would need to be carefully managed via the contract management process and by developing communication strategies with ratepayers.

### Timing Risks

It is estimated that the existing landfill has only one year of capacity remaining. Therefore it is essential that a decision is made to either continue constructing new cells to expand the landfill, or shelve the landfill and transport waste to an alternative landfill. Minimal time is allocated to implement either option is available.

If it is decided to continue operating the Hamilton landfill then planning, designs and tenders are needed ahead of the construction of additional new cells. A specialised landfill compactor also needs to be purchased in order to provide adequate compaction of waste and conservation of airspace, within the new cell.

Alternatively if it were decided to close the Hamilton landfill then minimal time is available to design and upgrade the Hamilton Transfer Station and establish required construction, transportation and disposal contracts.

## **Environmental and Sustainability Considerations**

There are significant social, economic and environmental benefits for implementing the waste scenarios analysed by the Waste Financial Review.

### Scenarios - Mandatory FOGO Collection Service and Fortnightly 240 l bin Recycling Collection

#### Social

- Implementation of a mandatory FOGO collection service would improve convenience to residents and provide the opportunity for all households and reduce environmental impacts.
- The introduction of a 240 l bin recycling collection service will standardise the bin services offered across Council.
- Implementation of a mandatory FOGO collection service and the 240 l bin recycling fortnightly collection is best practice and the model adopted by the majority of Victorian Councils.

#### Economic

- Increasing scale and extent of the FOGO service will increase efficiencies and keep contractor and rate payer costs down.
- Diversion of organics from the landfill will significantly reduce costs.

#### Environmental

The proposal will:

- Convert organics into a beneficial end use.
- Divert organics from landfill.
- Reduce methane emissions from landfill.
- Ensure that waste is disposed of in an environmentally acceptable manner.

#### Scenarios - Transport Waste to an Alternative Landfill

#### Social

- This scenario will have no effect on the community's ability to dispose of landfill waste.

#### Economic

This scenario:

- Is economically sustainable as opposed to the BAU case.
- Offers the opportunity for the service to operate on cost neutral basis and provide Council and ratepayers with significant and ongoing savings.
- Will substantially simplify waste operations by removing the extremely complicated landfill management component. Removal of this component will free up infrastructure engineering/ supervisory/admin staff for other roles and duties.
- Will eliminate the need to undertake ongoing future project design works, project supervision and capital works.
- Will negate the need to purchase a specialised landfill compactor. The role hook truck driver and landfill operator would be combined saving 0.5 EFT.

#### Environmental

- This scenario will transfer Council's EPA environmental Licence liabilities for constructing, rehabilitating, monitoring and operating a landfill to a third party. Liabilities will be strictly managed via a disposal and transportation Contract.

### **Community Consultation and Communication**

Council will undertake consultation on the implementation of Council decisions in regards to the waste options via:

- Advice to Media of Council's decision.
- Public notice of Council's decision will be given.
- Advertisement on the Council's website and Facebook page.
- A stake holder communication and education plan will be established and implemented.

### **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 adopt and implement the following recommendations in line with the Waste Options Report:

1. Shelve Hamilton Landfill and install a transfer station while keeping the landfill licence open for future use.
2. Engage an external contractor to operate all transfer station operations.
3. Reduce transfer station hours of operation as detailed in the report.
4. Use an external contractor engaged for public litter bin collection service.
5. Implement fortnightly recycling collection in Hamilton.
6. Investigate the most appropriate FOGO collection service.

## 10.11 2016-2017 Capital Works Update

**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 2016-2017, \$13.00M was allocated to capital works projects across the Shire. The assessment of the capital program delivery is determined by two measures:

- Delivery on time of the program.
- Delivery to budget.

This report looks at how the Southern Grampians Shire Council has delivered the first 6 months of the 2016-2017 Capital works program. The Council budget has identified 245 projects to be delivered within the financial year.

Southern Grampians Shire Council has currently delivered over \$4.1M of the capital program, with 125 started financially in the first 6 months with a further 14 projects which have been deferred.

### Discussion

The capital program forms a significant proportion of Council's budget. In 2016-2017, \$13.00M was allocated to capital works projects across the Shire. The works included:

- Road and Bridge Upgrades
- Footpaths
- Playgrounds
- Building Maintenance
- Art Gallery/PAC Maintenance
- Library
- Culverts
- Kerb and Channel
- Recreation Centres and Facilities
- Landfill
- Botanic Gardens
- Livestock Exchange Project Stage 1 and 2

The aim of the capital program is to provide targeted expenditure 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 on time and budget. This report looks at the 2016-2017 performance of Council in the delivery of the Capital program in the first 6 months of the financial year.

There are two main criteria to be used in assessing the delivery of the capital program. These are:

- Delivery of projects on time
- Delivery of projects to cost/budget



**Time**

The 2016-2017 Budget listed 245 projects to be delivered across the range of areas listed above. These projects range from \$1,000 to \$5.5M for roads, footpaths and bridge projects. For the purpose of the assessment any project that has attracted financial expenditure is considered to be started.

Figure 1 Project Status, indicated that 124 (51%) capital projects have started.

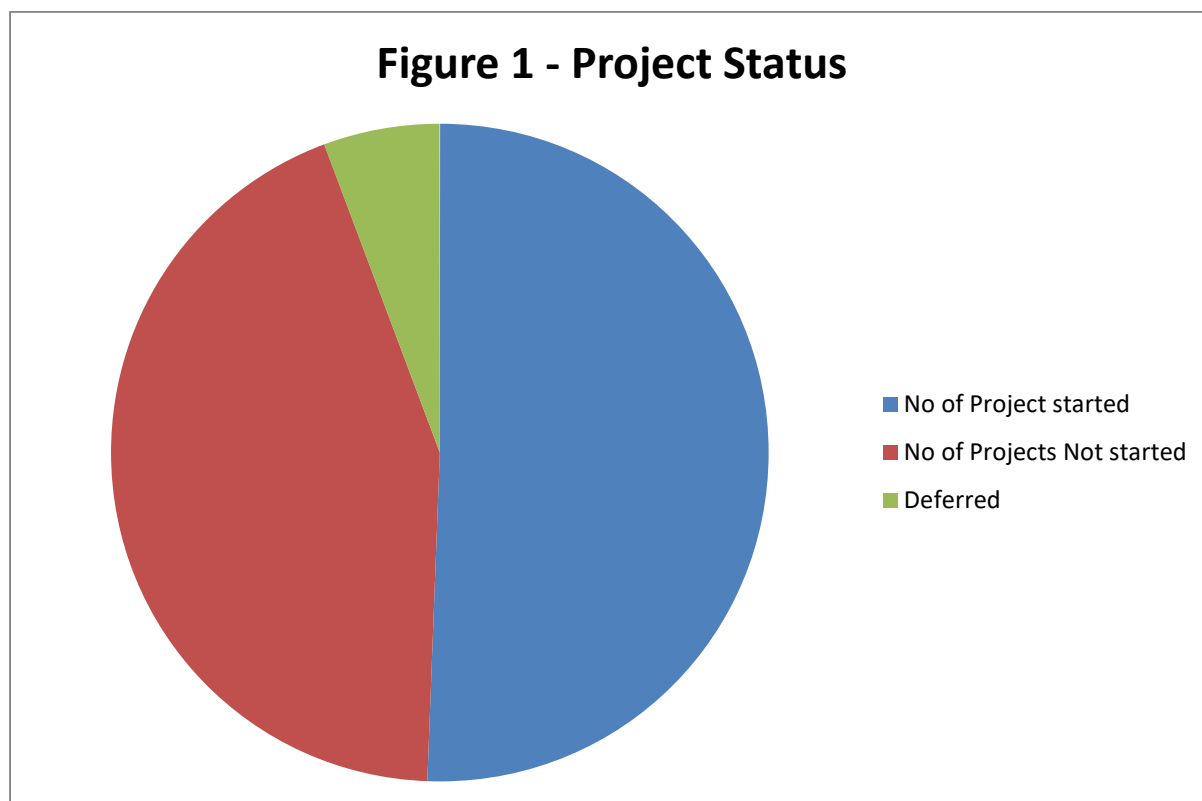
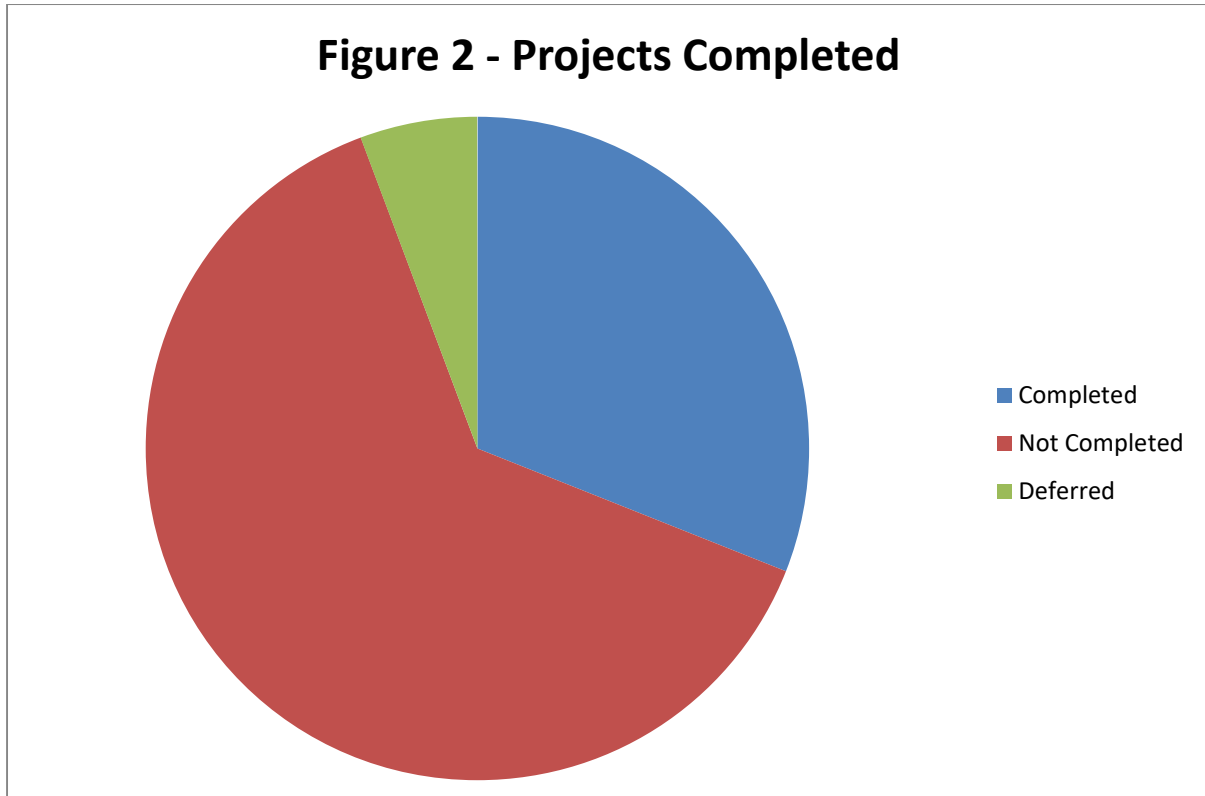


Figure 1 also shows that 14 (6%) projects have been deferred and 109 (43%) projects are yet to have started. The 14 projects that were deferred were agreed with Council in August 2016 after the announcement that Council would receive \$890,000 in funding for the Blackwood Road Black Spot Project. These projects are funded under Roads to Recovery and are able to be deferred to next year, which is the last year of a four year funding agreement with the Federal Government.

Figure 2 Projects Completed, shows the number of projects that have been started which have been completed or still need to be completed. Figure 2 shows that 76 (31%) projects have been completed and with 14 (6%) deferred, the remaining 155 (63%) projects are still to be completed.



**Budget**

The 2016-2017 Budget allocated \$13.00M to the 245 projects to be delivered. For the purpose of this assessment any project’s actual cost, which was either on or under the budget allocation was deemed to be delivered on budget. Any project that was greater than the allocated budget was deemed to be over budget.

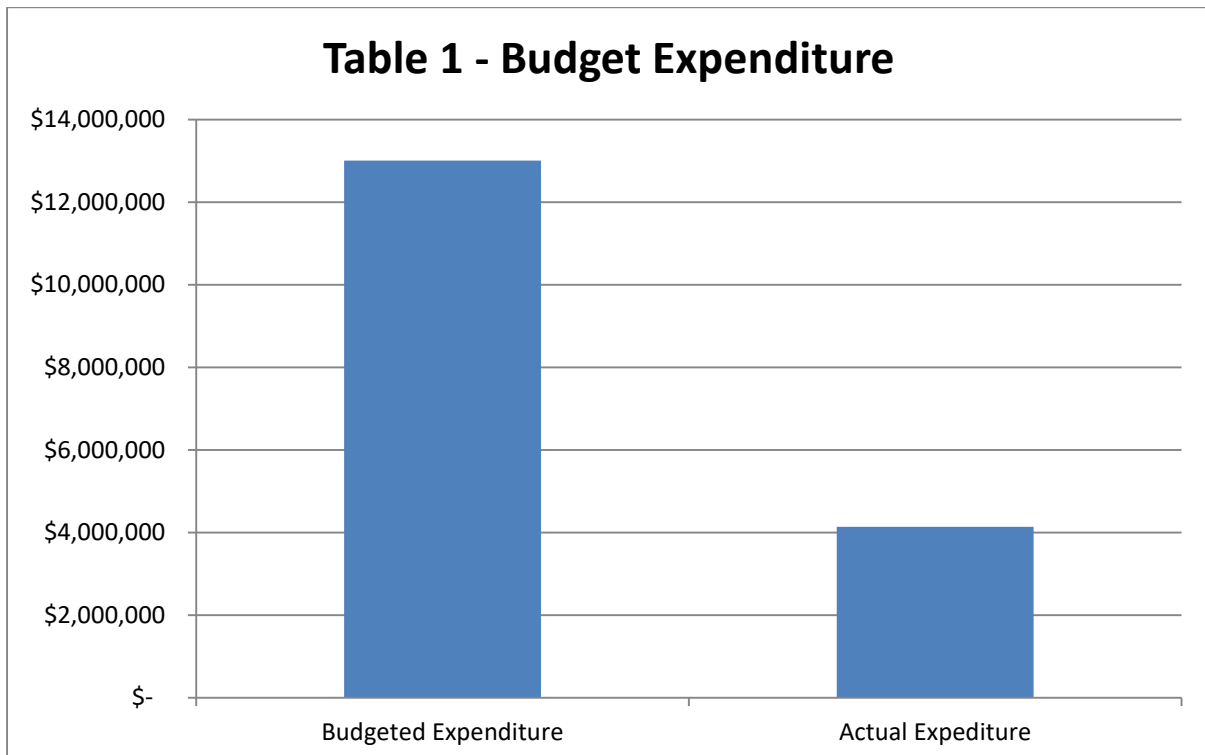


Table 1 Budget Expenditure shows that the total capital expenditure for the first 6 months of 2016-2017 financial year was \$4.1M of the \$13.00M budgeted. This level of expenditure is expected to be around this level or slightly above at this time of year. The Capital Programme is continuing to reach its peak season.

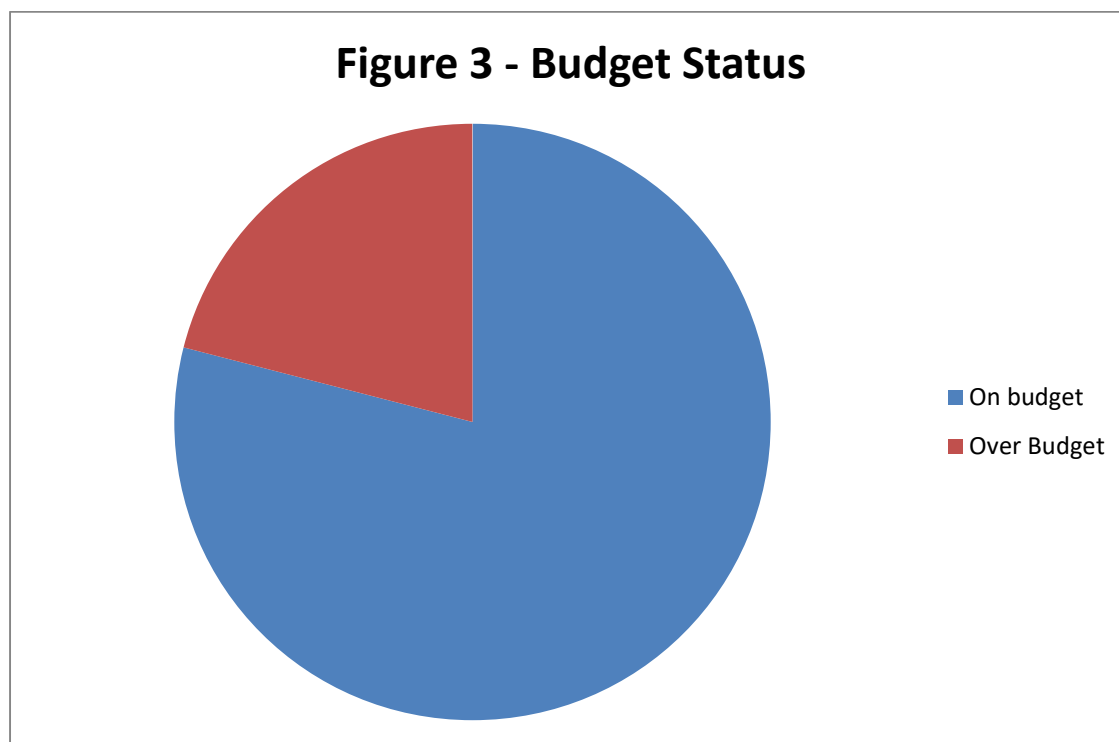


Figure 3 Budget Status, shows that of the 125 projects started, 99 (79%) projects are running on budget and 26 (21%) are running over budget.

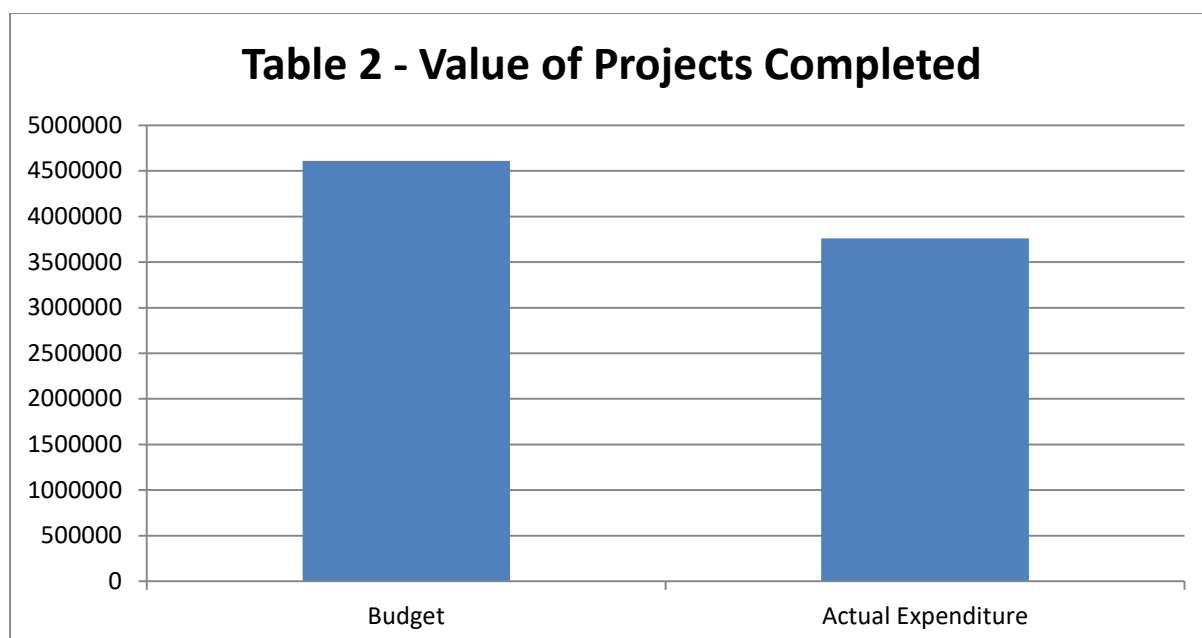


Table 2 Value of Projects Completed, shows that the Budget for those projects completed (\$4.6M) are well in excess of the actual costs to date (\$3.7M). While there is a gap between the actual and budgeted costs there is also an expectation that some costs are yet to be accounted for.

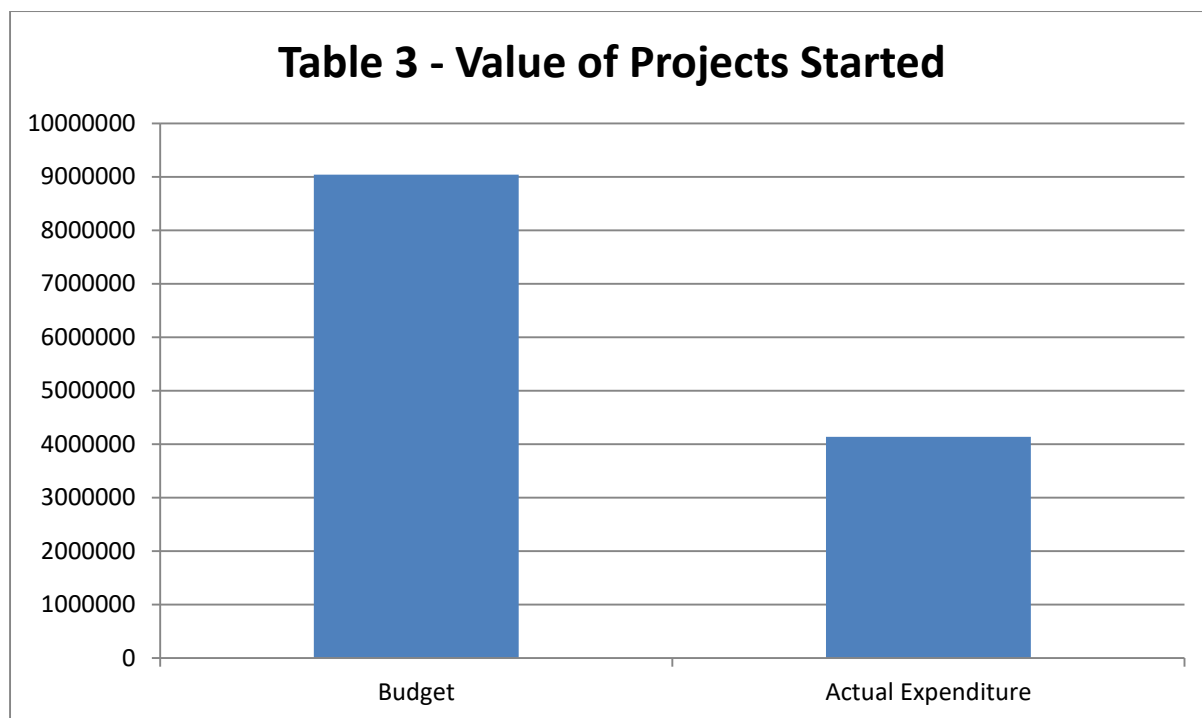


Table 3 Value of Projects Started, indicates that of the projects financially started is budgeted for \$9.0M and has attracted \$4.1M in actual expenditure. This means that although a lot of projects have started, there is still a lot of expenditure to be incurred prior to the remainder of the projects to be finalised.

**Legislation, Council Plan and Policy Impacts**

This report relates to the:

- Southern Grampians Shire Council – 2013-2017 Council Plan
- 2016-2017 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**

That the 2016-2017 Capital Program update report be received.

## 10.12 Rehabilitation of Hamilton Landfill (Stages 3 & 4) Tender No 40/16

**Directorate:** David Moloney, Director Shire Infrastructure  
**Author:** Greg Gunn Team Leader  
**Attachments:** None

### Executive Summary

The tender for the Rehabilitation of the Hamilton Landfill is required to be undertaken in accordance with Council's EPA licence at the landfill. This tender is for stages 3 & 4 of 6 stages of capping for the existing landfill. Tender submissions for Contract 40/16 to rehabilitate Stage 3 and 4 of the Hamilton Landfill were received from three contractors. The project requires the Contractor to source and supply suitable capping of sufficient quantities, and construct the capping layers required for the rehabilitation. Council has undertaken preliminary site investigations of potential sites.

Tenders were evaluated in accordance with Council's Procurement Policy and it is recommended that Council award the tender to PJT McMahon Excavations Pty Ltd

### Discussion

#### Background

Hamilton Landfill EPA Licence 20720 stipulates that the existing Landfill is progressively rehabilitated using a Type 3 (low risk cap) in accordance with Best Management criteria.

Construction of Stages 1 and 2 (of 6 Stages) was awarded in 2014/2015.

The Capping design requires significant quantities of high quality impermeable clay, sub-base and top soil materials. During the construction of Stage 1 and 2 it was determined that insufficient materials were available on site and as a result significant quantities were sourced offsite.

A tender was issued for the construction Stages 1 and 2 to be constructed in 2015/16. Due to the lack of in-situ capping materials Tenderers were required to identify, test and supply suitable material from off-site sources. With hindsight it is apparent that the responsibility of identifying clay sources presented Contractors with an unacceptable risk. Only one excessively priced Tender was received and the works were placed on hold for 12 months

To mitigate the risk of identifying clay, Council requested Expressions of Interest for the supply of suitable capping materials from local landowners, in exchange for the construction of a dam. A total of fifteen expressions of interest were received and investigated and as a result 4 potential sites located at 6, 11km (Site A), 11km (Site B) and 15 km from the landfill were identified. The tender documents detailed the potential locations off-site sources of materials

A tender was again issued for the construction Stages 3 and 4 in November 2016. The project has an allocated budget of \$1.3 M (Ex GST) and the civil works are separated into two components:

1. Supply and haulage of capping materials
2. Construction of the capping and the biogas collection pipe system

#### Tender Discussion

##### *Pricing (Inc. GST)*

The Tender submissions for the Contract 40/16 to rehabilitate Stage 3 and 4 of the Hamilton Landfill were received from three contractors

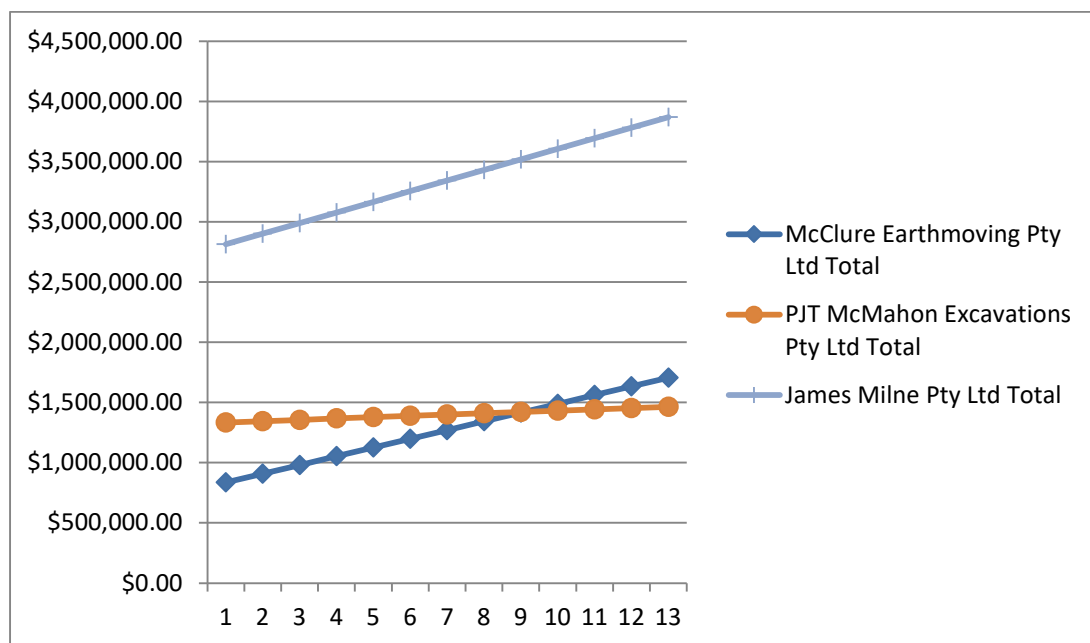
The submitted prices for constructing the capping layer and for the supply of materials for various haulage distances are presented below. The supply costs include excavation of farm dams, and transport. Council has identified potential sites located at 6km, 11km and 15 km distant and prices for these sites are highlighted.

The Contractors are required to enter into a legal Agreement with the landowners to construct dams in exchange for the supply of materials.

Sensitivity analysis was undertaken to determine the total contract price based on hauling clay from each distance and is summarised in Table 1 Comparison of Tender Prices.

The total prices submitted (construction plus haulage) are graphed below. This graph is based on obtaining all materials from a single location. In reality the materials will be obtained from a number of locations potentially located at 6km, 11km and 15km. from the landfill.

Comparison of Tender Prices (All materials sourced from one location)



**General Comments**

- All Contractors have had experience in capping landfills.
- Haulage prices to provide capping materials comprise a significant component of the total price.
- MCCLURE EARTHMOVING PTY LTD offered the cheapest price for the construction component of the Project
- The total price for construction and haulage for James Milne Pty Ltd is significantly higher than the MCCLURE EARTHMOVING PTY LTD and PJT McMahon Excavations Pty Ltd
- Construction prices for the capping are fixed whereas haulage prices vary depending upon the transport distance
- The total prices submitted by McClure Earthmoving Pty Ltd and PJT McMahon Excavations Pty Ltd are the same if all materials were obtained at 9 km distant.

**Sensitivity Analysis**

The contractors have each submitted transport rates for the different sites, construction prices. These varying factors in addition to the unknown quantities of conforming materials available at each site, complicates comparisons and the total contract price. For this reason a number of transport scenarios have been analysed and discussed as follows. James Milne Pty Ltd would be significantly more expensive under all cost analysis scenarios and therefore was not modelled in the sensitivity analysis.

Scenario 1

McClure Earthmoving Pty Ltd offers a cheaper construction price but PJT McMahon Excavations Pty Ltd offers a cheaper haulage price.

This scenario was modelled assuming 15% of the material was sourced from the 6 km and 75% from the 11km A and B sites.

Scenario 2

The total price difference between McClure Earthmoving Pty Ltd and PJT McMahon Excavations Pty Ltd tends to zero assuming that 15% of materials is sourced from the 6 km site, 67% is derived from the 11km (A and B sites) and the remaining 18% from 15 km.

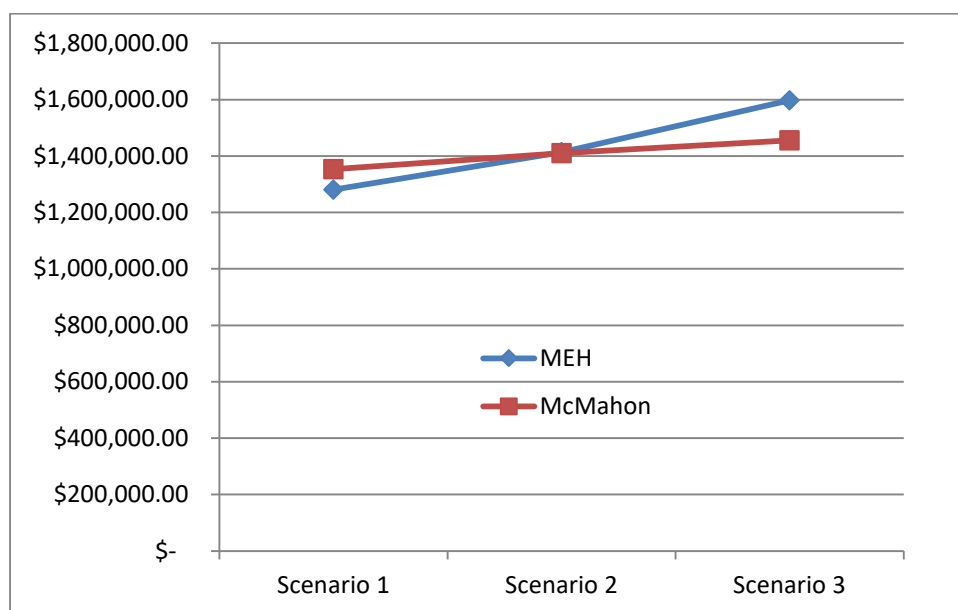
Scenario 3

From Councils investigations, testing and visual assessments it was deemed that the clay materials would need to be sourced from all sites identified eg the 6km, 11km and 15km source sites. As the absolute quantities and quality of capping materials at the various sites is unknown, it must be assumed from a risk perspective that potentially up to 50% of the material will need to be sourced from the 15 km site.

Assuming 5% is sourced from 6km, 45% is sourced from 11 km (Sites A and B) and the remainder sourced from the 15 km then sensitivity analysis indicates that PJT McMahon Excavations Pty Ltd will offer the better price as shown below.

A summary of the three scenarios can be seen in Table 2 Sensitivity Analysis of Price (based on haulage distances).

Table 2 Sensitivity Analysis of Price (based on haulage distances).



**Price Analysis Conclusion**

Without definitive geotechnical studies, it must be assumed that material from the 15 km site will be required. Once more than 18% of the material is sourced from the 15 km site then PJT McMahon Excavations Pty Ltd will provide the best price outcome.

Scenario C (50% sourced from the 15 km site) has been assumed to be the most likely possibility and therefore has used for evaluation scoring purposes. This then indicates PJT McMahon Excavations Pty Ltd as providing the best price for this likely scenario

The sensitivity analysis indicates that t savings can be obtained if additional sources of capping materials can be obtained at any distance less than 15km from site and particularly around the 11 km sites. At this range PJT McMahon Excavations Pty Ltd would still be the best priced tenderer.

**Tender Evaluation**

James Milne Pty Ltd was not included in the final short listing due to their price being outside of budget range and the failure to supply additional information as requested of all tenderers during the evaluation period.

McClure Earthmoving Pty Ltd and PJT McMahon Excavations Pty Ltd were evaluated in accordance with Council’s Procurement Policy and the evaluation matrix for the Tender submissions for the Hamilton Landfill project is provided below. Table 3 Evaluation of Tenderers shows the relative scoring for each evaluation criteria, Both McClure Earthmoving Pty Ltd and PJT McMahon Excavations Pty Ltd scored very similarly in methodology, capacity and availability and OH&S. PJT McMahon Excavations Pty Ltd was assessed from the information provided as having the best environmental submission.



Table 3 Evaluation of Tenderers

Weightings	Yes/No	50%	15%	15%	10%	10%	
	<b>Specification Conformance</b>	<b>Tendered Price Based on Scenario C</b>	<b>Methodology and demonstrated Performance</b>	<b>Capacity and Availability</b>	<b>Compliance with and appreciation of OH&amp;S</b>	<b>Environment Sustainability</b>	<b>Total</b>
McClure Earthmoving Pty Ltd	Yes	9.17 4.59	8.27 1.24	8 1.20	7.2 0.72	4.95 0.50	8.24
DISCUSSION	Quality submissions demonstrating a thorough understand of the works through their methodology plan. Strong OH&S - SWMS and Hazard Identifications documents in place although some generic procedures identified.						
PJT McMahon Excavations Pty Ltd	Yes	10.00 5.00	8.23 1.23	8.66 1.30	7.12 0.71	8.9 0.89	9.14
DISCUSSION	Again a quality submission on par with MCCLURE EARTHMOVING PTY LTD. Excellent understanding for Environmental considerations						
James Milne Pty Ltd	Yes	4.65 2.33	0.00	0.00	0.00	0.00	0.00
DISCUSSION	This tender was not included in the final short listing due to price outside of budget range and failure to supply additional information as requested of all tenderers during the evaluation period.						

**Evaluation Results**

PJT McMahon Excavations Pty Ltd scored the highest in the tender evaluation with 9.14 followed by McClure Earthmoving Pty Ltd with 8.24

**Financial and Resource Implications**

All costs associated with the project are included in the Tenderers submitted costs.

The project has an allocated budget of \$ 1.3 M (Ex GST). However based on Scenario C the tender projected costs will be \$1,455,627.47 (Inc. GST), exceeding the budget \$25,627.

Budget savings will be realised if less than 50% of materials are sourced from the 15 km site. Conversely additional budget will be required if in the unlikely case that more than 50% is to be sourced from 15 km site.

Management of the project is to be undertaken in house.

**Risk Management**

The rehabilitation and capping of the landfill is a high risk project.

**Construction Quality –**

The Rehabilitation of landfills is regulated and must follow an EPA approved Construction Quality Plan (CQP) Quality of material's and construction methodology is critical and the CQP requires a number of hold points to enable materials and construction to be regularly checked by independent Environmental auditors.

It is essential that the contractor has the capability to construct to a high standard and follow stringent quality controls. Tenderers were requested to respond to a number of technical questions to assist Council to evaluate the Contractors Environment and Safety Systems and their capacity and capability to undertake the works

#### Construction Timing-

The project must be completed during the remaining summer period to take advantage of fine weather. It is therefore essential that the project commences as soon as possible to avoid delays brought about by wet weather

#### Haulage Prices-

Tenderers have provided haulage prices and rates for transporting capping materials over varying distances.

The final haulage price will vary depending upon transport distance. For evaluation and budget purposes it is assumed that 50% of the material is to be sourced from the 15 km site.

#### Material Quality-

The Council has identified 3 potential sources of construction materials. Preliminary evaluation has been undertaken to date so absolute quantities available from the sites are unknown though sources of clay have been found.

It will be the responsibility of the Contractor to test these sources to ensure that sufficient volumes of suitable material are available and hauled to site.

#### Dam Construction –

Materials will be obtained in exchange for the construction of farm dams. The Contractor is required to enter into a legal Agreement with the landowner to ensure that the dam is constructed and rehabilitated to the landowners' satisfaction.

#### Odour-

Construction will require the profiling of the existing waste surface. There is potential that this disturbance will create odours and construction must be managed.

### **Environmental and Sustainability Considerations**

It is legal requirement of the Hamilton Landfill EPA Licence 20720 that the existing Landfill is progressively rehabilitated using a Type 3 ( low risk cap) in accordance with regulatory construction criteria.

The Project has the potential to cause environmental issues and complaints, particularly with regard to dust and odour. For this reason Tenders were evaluated on Environmental Management criteria.

To mitigate risk the Contractor is also required to submit an Environmental Management Plan with procedures to control and mitigate environmental risks (eg Chemical storage and Spills, noise, odour dust, sediment control etc.). PJT McMahan Excavations Pty Ltd based on the information provided was evaluated as having the best environmental system of all tenderers.

### **Community Consultation and Communication**

There are no plans to conduct community consultation as the rehabilitation is a legislative requirement.

A letter drop will be conducted to notify nearby neighbours of the proposed works.

## **Legislation, Council Plan and Policy Impacts**

### Legislation

The rehabilitation of the landfill is a key requirement of the EPA licence 20720. The design and the construction must be undertaken in accordance with the EPA Works Approval and EPA Victoria (2010) Best Practice Environmental Management – Siting, Design, Operation and Rehabilitation of Landfills, Publication 788.1 (Landfill BPEM) and a number of other key regulatory documents

### Council Plan

The following key elements of the 2013 – 2017 Council Plan are relevant to the Project.

#### **Outcome 1.3 Financial Responsibility and Security**

Strategy 1.3.1 Compliance with and application of prudent financial principles to the Council's annual budget.

Strategy 1.3.2 Ensure financial responsibility and security by preparing, implementing and reviewing Council's long-term financial plan.

#### **Outcome 4.1 Maintaining Community Safety**

Strategy 4.1.2 Managing Infrastructure to maximise community safety.

Strategy 4.1.3 Managing the regulatory environment to protect amenity and safety.

#### **Outcome 5.1 Waste Management and Minimisation**

Strategy 5.1.2 Manage, develop and rehabilitate landfill sites to meet regulatory 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 Council endorse the Award Tender 40/16 to PJT McMahon Excavations Pty Ltd for the projected value of \$1,431,825 (Inc. GST) as delegated to the Mayor and CEO at the 14 December 2016 Ordinary Meeting of Council.

### **10.13 AV Gas Fuel Supply Facility at the Hamilton Aerodrome and Tender No 54/16**

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

#### **Executive Summary**

There are two types of fuel supplied to the aviation industry, AV Tur (jet fuel) and AV Gas. The Hamilton Aerodrome has two tanks located at the aerodrome which supply these fuels. The AV Tur facility is currently owned and operated by Sharpe's and the AV Gas facility is owned and operated by BP Air.

On the 28<sup>th</sup> November 2016, BP switched off their facility, leaving the aerodrome with no AV Gas supply. A temporary system was procured but will need to be removed by the end of March 2017 as it is committed at another aerodrome. Four options were considered in the way forward with the supply of AV Gas at the Aerodrome.

Tenders were invited from three suppliers to provide a permanent solution. This project is not funded under the current budget and therefore required an allocation from reserves.

Tenders were evaluated in accordance with Council's Procurement Policy and it is recommended that Council:

1. Install new above ground AV Gas supply owned by Council.
2. An allocation of \$105,000 (Ex GST) from reserves for Tender 54/16 the Supply and Construction of an AV Gas Fuel Supply Facility at the Hamilton Aerodrome
3. Award the tender 54/16 to Aero Refuellers for \$113,698 (Incl GST)

#### **Discussion**

There are two types of fuel supplied to the aviation industry, AV Tur (jet fuel) and AV Gas. The Hamilton Aerodrome has two tanks located at the aerodrome which supply these fuels. The AV Tur facility is currently an above ground tank and is owned and operated by Sharpe's and the AV Gas facility is an underground tank that is owned and operated by BP Air.

On November 28, 2016, BP switched off their facility after 40 years of supply at the Hamilton Aerodrome. Council had been negotiating with BP to delay the closing of the facility until other arrangements could be made, and after indications that this was a viable option, BP chose the shut down the system without any extension. The main reasons for BP to shut down the facility was the cost of maintenance on the below ground tank and current fuel supply volume.

The Aerodrome is used by recreational, pilot training and firebombing aircraft. This year four aircraft are located at Hamilton Aerodrome for fire fighting purposes and two of those planes require AV Gas fuel.

It is expected that if a Regional Passenger Service is to resume at the Aerodrome, this service will also require the supply of AV Gas to assist in implementation of an efficient service.

With the aerodrome currently having no permanent supply of AV Gas fuel, temporary arrangements have been made with a mobile fuel supply being put in place. Indications from

the hire company is that the system can only be hired until around the end of March 2017 and therefore a permanent solution is required.

### Options

Council has 4 options available in regards to AV Gas fuel supply. These are:

1. Cease supplying AV Gas fuel at the Aerodrome;
2. Take on ownership of the BP facility
3. Install a new above ground fuel supply or;
4. Seek another company to supply and operate an AV Gas Fuel system at the Aerodrome

Below lists the advantages and disadvantages of each of the above options:

#### Option 1 Cease to supply AV Gas at the Aerodrome

##### Advantages

- ✓ No/Low cost to Council

##### Disadvantages

- ❖ Visitation and use of the Aerodrome is limited
- ❖ Will make it harder to attract new businesses to the aerodrome eg Regional Passenger Service or a flight training school
- ❖ Firebombing maybe moved to another aerodrome
- ❖ Not meet the expectations of users groups

#### Option 2 Take over Ownership of BP tank

##### Advantages

- ✓ Low upfront cost
- ✓ Permanent supply is immediately restored after maintenance is complete

##### Disadvantages

- ❖ Liability with aged tank
- ❖ Condition of the current tank and system is unknown
- ❖ Unable to determine if leaking until contamination has occurred
- ❖ Cost of decommissioning in future especially if the tank has leaked/polluted environment
- ❖ Requires specialist maintenance prior to recommissioning
- ❖ Requires bowser upgrade for Credit Card purchases

#### Option 3 Install new above ground AV Gas supply owned by Council

##### Advantages

- ✓ Permanent supply is secured into the future
- ✓ Fuel leaks can be seen and contained
- ✓ Lower maintenance costs
- ✓ New bowser system allows access for any aviation user
- ✓ Management of fuel supply can still be contracted

## Disadvantages

- ❖ Cost of installation
- ❖ Will take 8-10 weeks to be installed
- ❖ Needs BP tank to be removed prior to final installation which could be delayed if BP have issues with current tank or permit
- ❖ Limited time for hire of temporary system

Option 4 Seek another company that wishes to fund the supply and operation of the facility

## Advantages

- ✓ No/low cost to Council
- ✓ Permanent supply is restored

## Disadvantages

- ❖ Council has no control over the commercial decisions made by the companies
- ❖ Could pull out at any time and leave Council in a similar situation to the current one
- ❖ Due to volumes, to be viable companies could require an ongoing cash injection from Council

In order to fully assess Option 3, Council went out to the industry and requested tenders from various industry suppliers for the supply and install of a new AV Gas facility.

Tender Discussion

The tender submissions were invited from three suppliers to supply and construct an above ground 12,000l tank with all associated fittings (including remote fuel level monitoring) and a new self-serve bowser which will facilitate credit card transactions.

A summary of the companies that were requested to tender and their prices are as follows:

<b>Company</b>	<b>Tank Size</b>	<b>Tendered Price Total (Ex GST)</b>	<b>GST</b>	<b>Total (incl GST)</b>
Aero Refuellers	12,000 L	\$103,362	\$10,336	\$113,698
Petro Industries	10,000 L	\$95,400	\$9,540	\$104,940
Kavanagh's Fuel and pump repairs	12,000 L	\$109,048	\$10,905	\$119,953

Analysis of the prices submitted was undertaken and adjustments were made to include additional costs excluded from one tender which would be required to enable the install to be completed. Aero Refuellers was the most comprehensive tender with no exclusions in the build price. All other tenders had exclusions that Council would need to provide and therefore an additional monetary amount has been added to the tender price.

<b>Company</b>	<b>Tank Size</b>	<b>Tendered Price Total (Ex GST)</b>	<b>Additional Works (Est.)</b>	<b>Total (incl GST)</b>	<b>GST</b>
Aero Refuellers	12,000 L	\$103,362	\$0	\$113,698	\$10,336
Petro Industries	10,000 L	\$95,400	\$19,750	\$126,665	\$11,515
Kavanagh's Fuel and pump repairs	12,000 L	\$109,048	\$5,250	\$125,728	\$11,430

## **Tender Evaluation**

All tenderers were invited to tender and were deemed to have the necessary skills and experience to undertake the works.

From the assessment above it is recommended that Aero Refillers are awarded the contract to install the new AV Gas facility at the Hamilton Aerodrome.

## **Financial and Resource Implications**

All options will incur some cost to Council which needs to be allocated. Option 3 requires the largest capital injection and if this option is selected will require an allocation from reserves in order for the tender to be awarded.

There will be no impact on resources as the future management for the facility will require Council to undertake fuel testing on a weekly basis, which is a lot less than that required by BP which was for daily testing. Council currently has an Aerodrome Reporting Officer (ARO) who is at the aerodrome every week and can undertake the testing as part of their ARO duties.

## **Risk Management**

Council, State and Federal Governments have all invested heavily in the aerodrome over the past few years and the inability to supply AV Gas will severely impact on the reputation of Council and use of the aerodrome.

AV Gas is required at the aerodrome as it is one of the two main aviation fuel types and an aerodrome without AV Gas will limit the potential future uses of the aerodrome including the potential to attract:

- Firebombing activities
- Regional passenger service
- Recreational flyers

If there is a reduction in the firebombing activities from Hamilton there will be a direct impact on our residents in regards to response times for aerial fire fighting which may impact on the severity and quantity of damage sustained in a bushfire due to longer response times.

## **Environmental and Sustainability Considerations**

The supply of an above ground self banded fuel system will enable Council to monitor and contain any spills without causing harm to the environment.

The below ground tank would have the potential to pollute the environment if the tank were to leak or is currently leaking, which Council would be responsible for should it take ownership of the underground tank.

## **Community Consultation and Communication**

There has been consultation with several groups including:

- Hamilton Aero Club
- CFA
- General Aviation Industry
- Internal staff

Communications have been undertaken with these groups and the general public via:

- Media – social and print
- Website
- Telephone
- Email
- Face to face

## **Legislation, Council Plan and Policy Impacts**

### Legislation and Standards

The supply and construction of the AV Gas facility will be compliant to the following legislation:

- OH&S Act 2004
- Environment Protection Act 1970
- Civil Aviation Authority standards

### Council Plan

The following key elements of the 2013 – 2017 Council Plan are relevant to the Project.

#### **Outcome 1.3 Financial Responsibility and Security**

Strategy 1.3.1 Compliance with and application of prudent financial principles to the Council's annual budget

#### **Outcome 4.1 Maintaining Community Safety**

Strategy 4.1.2 Managing Infrastructure to maximise community safety

#### **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. Install new above ground AV Gas supply owned by Council.
2. Make an allocation of \$105,000 (Ex GST) from reserves for Tender 54/16 the Supply and Construction of an AV Gas Fuel Supply Facility at the Hamilton Aerodrome
3. Award the tender 54/16 to Aero Refuellers for \$113,698 (Incl GST)



## 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 Matters listed on tonight's agenda.

## 15. Close of Meeting

This concludes the business of the meeting.