



HEPBURN SHIRE COUNCIL  
ORDINARY MEETING OF COUNCIL  
PUBLIC MINUTES

Tuesday 23 November 2021

Virtual Meeting  
via Video Conference

6:00PM

A LIVE STREAM OF THE MEETING CAN BE VIEWED  
VIA [COUNCIL'S FACEBOOK PAGE](#)

Confirmed at the Ordinary Meeting of Council held 21 December 2021

A handwritten signature in black ink, appearing to read "Tim Drylie".

Chair, Cr Tim Drylie, Mayor

# MINUTES

Tuesday 23 November 2021

Virtual Meeting

via Video Conference

Commencing at 6:00PM

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**BRADLEY THOMAS**

CHIEF EXECUTIVE OFFICER

Tuesday 23 November 2021

## CONDUCTING COUNCIL MEETINGS VIRTUALLY

Council continues to be guided by government directives and wants to do the right thing for the health of our community during the COVID-19 pandemic. In line with these directives, the public are unable to attend this meeting in person. This meeting is being held virtually to protect the health and wellbeing of Councillors, Council Officers, and the community.

In the spirit of open, transparent and accountable governance, this Ordinary meeting will be live-streamed on Council's Facebook page. The meeting will also be recorded and made available on Council's website as soon as practicable after the meeting.

Pursuant to the Ministerial Guidelines, should technology problems be encountered and we are unable to broadcast this meeting, the meeting will be adjourned until resolution or postponed.

Council's Ordinary meeting will be conducted tonight in accordance with:

- The Local Government Act 2020
- The COVID-19 Omnibus (Emergency Measures) Act 2020
- The Minister's Good Practice Guideline MGPG-1: Virtual Meetings
- Council's Governance Rules; and
- The Hepburn Shire Council Councillor Code of Conduct.

## 1 ACKNOWLEDGEMENT OF TRADITIONAL OWNERS

Hepburn Shire Council acknowledges the Dja Dja Wurrung as the Traditional Owners of the lands and waters on which we live and work. On these lands, Djaara have performed age-old ceremonies of celebration, initiation and renewal. We recognise their resilience through dispossession and it is a testament to their continuing culture and tradition, which is strong and thriving.

We also acknowledge the neighbouring Traditional Owners, the Wurundjeri to our South East and the Wadawurrung to our South West and pay our respect to all Aboriginal peoples, their culture, and lore. We acknowledge their living culture and the unique role they play in the life of this region.

## 2 OPENING OF MEETING

**COUNCILLORS PRESENT:** Cr Brian Hood, Cr Don Henderson, Cr Jen Bray, Cr Juliet Simpson, Cr Lesley Hewitt, Cr Tessa Halliday, Cr Tim Drylie

**OFFICERS PRESENT:** Mr Bradley Thomas - Chief Executive Officer, Mr Andrew Burgess - Director Organisational Services, Mr Bruce Lucas - Director Infrastructure and Delivery, Ms Leigh McCallum - Director Community and Development, Mr Chris Whyte – Manager Information and Communication Technology, Ms Krysten Forte - Manager People and Governance, Ms Bronwyn Southee – Manager Planning and Development

The meeting opened at 6.01pm.

### STATEMENT OF COMMITMENT

“WE THE COUNCILLORS OF HEPBURN SHIRE  
DECLARE THAT WE WILL UNDERTAKE ON EVERY OCCASION  
TO CARRY OUT OUR DUTIES IN THE BEST INTERESTS OF THE COMMUNITY  
AND THAT OUR CONDUCT SHALL MAINTAIN THE STANDARDS OF THE CODE OF  
GOOD GOVERNANCE  
SO THAT WE MAY FAITHFULLY REPRESENT AND UPHOLD THE TRUST PLACED IN THIS  
COUNCIL BY THE PEOPLE OF HEPBURN SHIRE”

## 3 APOLOGIES

Nil

#### 4 DECLARATIONS OF CONFLICTS OF INTEREST

Cr Tim Drylie declared a material and general conflict of interest for Item 10.1 PA3313 - Use and development of a dwelling and associated works at 2 Railway Road Newlyn.

#### 5 CONFIRMATION OF MINUTES

##### RECOMMENDATION

*That the Minutes of the:*

- *Ordinary Meeting of Council held on 19 October 2021; and*
- *The Special Meeting of Council held on 26 October 2021*

*(as previously circulated to Councillors) be confirmed.*

##### MOTION

*That the Minutes of the:*

- *Ordinary Meeting of Council held on 19 October 2021; and*
- *The Special Meeting of Council held on 26 October 2021*

*(as previously circulated to Councillors) be confirmed.*

**Moved:** Cr Tessa Halliday

**Seconded:** Cr Juliet Simpson

**Carried**

#### 6 NOTICES OF MOTION

#### 7 ITEMS OF URGENT BUSINESS

Nil

## 8 COUNCILLOR AND CEO REPORTS

### 8.1 MAYOR'S REPORT

#### **Councillor Tim Drylie, Creswick Ward**

I am honoured and humbled to be presenting my first report tonight as Mayor Hepburn Shire. I'd like to welcome Cr Jen Bray to the role of Deputy Mayor and am grateful for her depth of experience and knowledge as a longterm resident and community leader in the Hepburn Shire. I also want to again acknowledge the excellent work of Cr Lesley Hewitt and Cr Brian Hood in their respective roles as Mayor and Deputy Mayor over the past twelve difficult months. I am certain they will provide invaluable ongoing support and continuity for this Council as we begin to deliver on our commitments in our new Council Vision and Plan in our second year.

Hasn't it been great to feel like we are finally emerging on the other side of this pandemic in the past few weeks. As we enter the recovery phase of COVID, I am mindful that next twelve months and beyond will involve a lot of work in our community to support and enable people, community groups and local businesses to strengthen, rebuild and make connections again that may have been damaged, or broken. It is not an easy task, but if we work together in positive and cooperative ways and share our stories and ongoing concerns and needs openly and with care, we will find a way through. We are a very resourceful community and a lot of our capacity to recover from difficult events like COVID already resides within our own networks, friendship groups and drawing on the wisdom of local experts. As a Council we have committed to be more responsive and dynamic in our engagement and communication to help you achieve your aspirations.

In the past month we have been reviewing our finances, considered some big decisions that we need to make around current and future projects and services, and we have begun to deliver on our promises strategically by doing the work that is needed to make Hepburn Shire a better place for everyone. Tonight we make a very important decision on the future direction of the Hepburn Hub at the Rex Project. Councillors, Council staff and members of our community have all invested an enormous amount of time, energy and financial resources into this vexed project over the years and whatever the outcome is tonight, it is with a will to succeed in adverse circumstances and to make the best decision in the interests of the community that are driving this Council. We are all mindful as a group that we need to continue to make responsible evidence-based decisions in circumstances where we are seeing our financial reserves stretched.

Over the next few months we would like everyone to think about and give input on the [Sustainable Hepburn strategy](#), Hepburn Shire Council's new environmental sustainability strategy. Applications are currently open for the *Sustainable Hepburn* Community Reference Group until Sunday 28 November 2021.

## 8.2 COUNCILLOR REPORTS

### **Councillor Don Henderson, Creswick Ward**

Creswick was alive with people following the lifting of restrictions.

There were two art displays one at the Creswick Town hall and the other at the Masonic lodge.

Artists from around the shire and beyond were at the Town Hall to enter their works and show off their very obvious talents.

I was really taken by the works of Alison Parkinson who had a series of paintings of the landscape around Newlyn because of the emotion behind them . They could be the among the last paintings of this beautiful landscape without those horrendous proposed transmission towers.

At the masonic Lodge there was a display of works by such artists as the Lindsays and Allan Benaldo. All of these works were beautifully presented.

People who had their first look inside were astounded by the beauty and detail of the very fine craftsmanship of the building itself. Likewise many folk had not been inside the Town hall since an internal paint and were pleased to see our fine old building being cared for. Of course I was able to explain the significance of still having the projection room intact so that into the future it could be used to show film.

The Remembrance Day event was down in attendance but not in the willingness to show how those who served our country would be remembered.

There are many emotions being expressed regarding the proposed Ausnet towers and the mental stress is taking a huge toll on sections of our community.

Let me assure them that I will do all in my power to see that they are heard in the hope that they are able to continue earning their living and enjoying the area that they know in peace.

### **Councillor Brian Hood, Coliban Ward**

**Community centre open day** – the six community members on the Project Advisory Group (PAG), in conjunction with Council, are holding an open day on Sunday 5<sup>th</sup> December 11am-4pm at the Mechanics Hall as a means to reminisce and celebrate that hall’s colourful history before works start early in 2022. Photographic memorabilia will be on display along with plans for the new building; a number of eminent citizens will speak on the hall’s history and events (“Tea and Tales”); musical and other entertainment will provided; various hall user groups will give demonstrations; and a sausage-sizzle lunch provided. The Trentham Lions Club and the Trentham & District Historical Society are supporting the event.

**Covid-19** – after a prolonged period of enduring lockdowns and restrictions we are finally getting back to something resembling “normal” ...just in time for Christmas and summer! The easing of restrictions is welcomed by the community and local businesses who also did it tough but were here for us.

**Major projects** – Council awarded a \$1.85m construction contract to a Ballarat firm for the Sportsground pavilion upgrade works at its October meeting and it is very

pleasing to report construction works have already started. Works to upgrade the Quarry St Reserve Pavilion and toilets will be deferred into early 2022 as no bids were received in the first round of tenders. A more positive outcome is expected out of the re-tendering process currently underway. Tender bids for the much-awaited Community Centre are currently being evaluated and the community eagerly anticipates the awarding of a contract to enable works to commence early next year.

**Storm recovery** – 5 months after the event Council continues to work with other agencies to address the massive clean-up. Current indications are work will continue for up to 2 years. Council has been distributing free firewood to residents and local community groups at a rate of 220 cubic metres per week – an enormous task in itself and is much appreciated by residents. It is somewhat comforting to report that fire trails under Council’s responsibility have been cleared ahead of the fire season.

**On a sad note** - John Reid, the co-founder of Trentham’s iconic Red Beard bakery, recently passed away after six months of treatment for brain cancer. An influential and respected figure in Australian baking, he was known best to the food-loving public for the sourdough breads and pastries he made in Red Beard’s 130-year-old wood-fired oven. To those in the trade, he’ll be remembered as a paragon of traditional baking, a champion of the revival of wood-fired ovens, of the creation of community-based food systems, and of the renaissance of growing old varieties of grain for baking. John was noted for his commitment to excellence and respected for his standing in the industry and community. John was posthumously awarded the Melbourne Food and Wine Festival Local Hero award and will be sadly missed.

#### **Councillor Juliet Simpson, Holcombe Ward**

On 20<sup>th</sup> October I attended the Glenlyon Reserve Asset Management Committee AGM

On the 26<sup>th</sup> October we had a Special Meeting to adopt the Financial Plan, Community Vision, The Council Plan plus the Municipal Health and Wellbeing Plan.

On the 29<sup>th</sup> October I met a Council Officer in Glenlyon to review the Glenlyon Street Scape.

On the 8<sup>th</sup> November I met with the Mineral Springs Reserves Advisory Committee at the Hepburn Springs Reserve. We inspected mature trees that had fallen down, weeds in the Spring Creek and the surrounding area.

On the 11<sup>th</sup> November I walked around Jubilee Lake looking where to potentially place three new seats plus a chair table set.

On the 16<sup>th</sup> November we had a statutory meeting to elected Mayor Drylie and Deputy Mayor Bray.

#### **Councillor Jen Bray, Birch Ward**

Activities since Tue 19 October 2021

Attended: Councillor Briefings each Tuesday and other events and meetings.

26 October Special Council Meeting - Adopted Community Vision and Council Plan and long term Financial Plan.

11 Nov Attended the Daylesford Remembrance Day on Nov 11 with Cr Hewitt to lay a wreath in memory of those lives lost in conflicts.

November

- Attended announcement by Mary-Anne Thomas MP, funding for Hepburn PreSchool
- Daylesford Vintage and Collectables Fair
- Yandoit, Clydesdale, Franklinford Community Planning meeting
- Sprout Festival celebrating spring with flower arrangements in local shops and businesses
- Walk through the Rex with staff and councillors prior to council's decision.

I am honoured to be elected Deputy Mayor at last Tuesday's Special Council meeting to support our newly elected Mayor, Cr Tim Drylie.

There are exciting and challenging times ahead in the life of council, and I am confident we will work diligently to strengthen councils financial and operational position while bringing the community along with us towards achieving our Community Vision and Council Plan.

Promoted: Promoted: Sustainable Hepburn Project Reference Groups, Storm Recovery Talk at Trentham, Jim Crow Creek renaming, Sprout Festival, Daylesford Vintage & Collectables Fair

Community: Met with, spoke to and received correspondence from various members of the community regarding: Mining concerns, Significant Tree register, Water mining, Community Vision and Council Plan, Hepburn Hub at Rex Project, DELWP selling Parkland at Cornish Hill, Jim Crow Creek re-naming, Planning matters.

I will be attending the Walk against Family Violence on Thurs Nov 25.

You can join a walk from your local library in the Hepburn Shire at 10.30am

### **Councillor Lesley Hewitt, Birch Ward**

Since the last Council meeting in October, my mayoral term was not renewed. I want to take the opportunity again to thank Cr Hood for his support as Deputy Mayor, Cr Henderson for his willingness to share his considerable Council experience, our CEO Bradley Thomas for his support and openness and again to acknowledge all those Council officers who, have coped with providing services under COVID restrictions and responded to the two emergency storm events, the storm recovery and helping Grampian's health with pop up vaccination clinics. A period of almost continual crisis management.

It has been great to see the return of events – and in the last fortnight I have seen the importance of volunteers in the community with the fundraiser for the Hepburn Wild Life Shelter and the live music event with the premiere of Song of the wombat

and the fabulous Sprout festival – organized by the Daylesford and District Horticultural Society in collaboration with the Friends of Wombat Hill – over 300 volunteers involved, and there was a buzz in the street. Not only a community event but businesses reported that displays drew people into their shops. Volunteers also on the Disability Advisory Committee and the Gender Equity Committee both of which met during the month and which I chair – making sure Council projects and services reflect the needs of these groups. Finally, a plug for Central Highlands Rural Health – who have started their community consultation on the Daylesford Hospital precinct upgrade. There is a public meeting on 25<sup>th</sup> November 5-7pm at the Daylesford Town Hall, and if people can't make it, a survey on CHRH website. This is important not just for Birch – hospital data shows residents from Cameron, Coliban, Holcombe and Creswick wards all use the hospital. The Hospital Upgrade Committee has met with our Macedon, MP, Minister Mary-Anne Thomas and Ripon MP, Louise Staley, both of whom recognise the importance of the hospital to the community.

**Activities for October/November**

Councillor Briefings 26/10/21, 9/11/21, 16/11/21

Chair, Planning Application PA 3260 Mediation Session 27/10/21

Kingston Power Alliance re WVNTP 1/11/21

Daylesford Hospital Upgrade Committee meeting with Louise Staley 1/11/21

MAV Workshop Navigating Social Media 4/11/21

Disability Advisory Committee 8/11/21

Grampians Disability Advocacy AGM 8/11/21

Remembrance Day Service Daylesford 11/11/21

ABC Online Interview Firewood 12/11/21

Local Government Association of Victoria AGM 18/11/21

Yandoit, Clydesdale and Franklinford Community Planning Meeting 20/11/21

Meetings with residents re planning matters

**Councillor Tessa Halliday, Cameron Ward**

A verbal report was presented.

**RECOMMENDATION**

*That Council receives and notes the Mayor's and Councillors' reports.*

**MOTION**

*That Council receives and notes the Mayor's and Councillor Reports.*

**Moved:** Cr Juliet Simpson

**Seconded:** Cr Tessa Halliday

**Carried**

### 8.3 CHIEF EXECUTIVE OFFICER'S REPORT

The Chief Executive Officer Report informs Council and the community of current issues, initiatives and projects undertaken across Council.

- Nil

#### CHIEF EXECUTIVE OFFICER UPDATE

The Ordinary Council meeting on 19 October was another busy meeting with a very full agenda of business to be transacted.

Council awarded a contract for the redevelopment of the Trentham Sportsground Reserve Pavilion to Ballarat-based 4Front Construction and building works commenced this month. The pavilion will accommodate sports club use and broader community use for functions and events. It will include multi-purpose dividable community meeting space as well as a functional catering kitchen, canteen and bar, covered outdoor spectator area and more. We look forward to seeing the completion of this long awaited and much anticipated project.



At the Council meeting, Council acknowledged the Lyonville Community Plan and the contribution of community members who had worked hard to prepare it.

Council officers worked with the community to form a new community planning group, led by four Lyonville residents Jordan Koster, Shelley Bowen, Vicki Jackson and Greg Jones. These members of the Lyonville community reviewed the previous Community Plan and undertook significant community engagement over the past year to understand the vision and values of the community into the future. Council will continue to support the community through the Community Partnership team and potential funding through Community Planning Implementation Fund, and support with other grant funding opportunities.

Guidelines governing planting on nature strips, firewood collection and salvaging at our transfer stations were endorsed at last month's Council meeting. Three separate

community reference groups held three facilitated sessions for each group to understand the views of the community. The groups have done a fantastic job in working together with Council to develop these guidelines. It was important that we heard from the community while also ensuring that the guidelines comply with relevant legislation. There will be more information available on the guidelines on our website over the coming weeks.

Council also awarded contracts of over \$680,000 for works to construct a circuit path and carpark at Doug Lindsay Recreation Reserve, with contractors now already on site, and to upgrade public amenities at Calembeen Park in Creswick.



We are really pleased to have awarded these contracts so that works can commence on these much-needed improvements to assets that are much-loved and used by the community.

Council adopted a masterplan to outline future improvements to Central Springs Reserve, a popular destination for locals and visitors, located at the southern end of Lake Daylesford. The masterplan provides a long-term vision to upgrade the site, which incorporates feedback from community members. The well-loved reserve will benefit from upgrades over future years and includes a plan to install better paths to help people enjoy the reserve and access the area, new furniture, additional plantings and more. Council will seek government assistance to fund improvement projects.

The dates for our 2022 Ordinary Meetings of Council have been adopted. The dates are as outlined below, and next year these meetings will be starting at 5:30pm.

Tuesday 15 February 2022

Tuesday 15 March 2022

Wednesday 20 April 2022 (due to Easter)

Tuesday 17 May 2022

Tuesday 21 June 2022

Tuesday 19 July 2022

Tuesday 16 August 2022

Tuesday 20 September 2022

Tuesday 18 October 2022

Tuesday 22 November 2022 (due to the Melbourne Cup Public Holiday)

Tuesday 20 December 2022

At a Special Meeting of Council held on 26 October, Council adopted the 10-year Community Vision & 4-year Council Plan (including the Municipal Public Health and Wellbeing Plan) and the Financial Plan 2021-2031. Thank you to everyone who took the time to be involved as part of the Hepburn Together Project – with 10% of our shire involved. The vision and plan reflect many of your aspirations for the future of our wonderful Shire.

This a huge achievement and an example of the community and Council working together to ensure that your feedback was captured and included in the plan. We've held lots of community drop-in sessions, hosted surveys and reached out to you, the community, in so many different ways.

# *Vision*

## STATEMENT

Hepburn Shire - an inclusive rural community located in Dja Dja Wurrung country where all people are valued, partnerships are fostered, environment is protected, diversity supported, and innovation embraced.

Thank you to community members who helped shape this important statement, one that reflects your aspirations for the future

At the end of October, we sent out the October edition of our e-newsletter, Hepburn Life, which includes news on:

- Our Community Vision and Council Plan
- Free firewood for residents, ratepayers and community groups
- Free green waste disposal in November
- Nominations for the Heather Mutimer International Women's Day Honour Role and Community Awards
- Upcoming pool season
- Youth Census and Early Years survey
- Reopening of tip shops
- Masterplan for Central Springs Reserve
- COVID check in for businesses
- New pavilion for Trentham Sportsground
- Opportunities for farmers
- Works at Creswick at Doug Lindsay Recreation Reserve and Calemben Park.

If you aren't already a subscriber but would like to subscribe, you can sign up here at <https://mailchi.mp/hepburn/sign-up>

Council have been working with Mount Alexander Shire Council, North Central Catchment Management Authority and Dja Dja Wurrung Clans Aboriginal Corporation (DJAARA), on the proposed renaming of Jim Crow Creek to Larni Barramal Yaluk. There are strict protocols that govern the renaming of roads, features and localities as outlined by Geographic Place Names Victoria (GNV) in their *Naming rules for places in Victoria – statutory requirement for naming roads, features and localities 2016*.



Image: Barramal by Daikota Nelson

Larni Barramal Yaluk means 'Home or habitat of the Emu Creek'. The renaming of Jim Crow Creek is being proposed in recognition of Aboriginal heritage and the reinstatement of Dja Dja Wurrung language into the landscape, and the removal of a name that is offensive and derogatory. The Public Consultation phase of the project closed on 12 November 2021 and we have now moved into the assessment phase.

All submissions must be included in an assessment report, stating the objection or support for the proposal, indicating relevance to the naming rules and Council's consideration/response to the submission. The assessment report will be compiled by specialist staff and an officer's recommendation will go to Council. The community will be notified of the officer's recommendation. If the recommendation is to proceed with the submission to Geographic Names Victoria (GNV), objections can be made at Council within a 30-day period. Council will consider the submission and decide on whether to lodge a proposal to GNV. If a naming proposal is lodged with the Office of Geographic Names, it can take anywhere between 30 to 60 days to be audited before a final endorsement is made. This 30-day period is to allow time for objectors to lodge an appeal, as provided in section 8 and 11.1 in the Naming Rules for Places in Victoria.

Our vaccination rates across the Shire continue to rise. Thank you to everyone who has had their jab against COVID-19. If you are eligible, we urge you to book in now to protect themselves, loved ones and our community.

With the changing of restrictions late last month we were able to welcome visitors back in our Libraries, Visitor Information Centres and other Council facilities. In line with the Victorian Government's Roadmap requirements, anyone aged 16 years and over entering Council facilities is now required to be fully vaccinated. This includes our libraries, Duke Street Customer Service, hubs and Visitor Information Centres.

We know this has made things difficult for some people and we thank you for your patience and consideration. We ask that you continue to show compassion to our staff who are simply doing their job and following the mandated requirements. If you aren't fully vaccinated you can still click and collect library books – for more information visit <https://www.hepburn.vic.gov.au/hepburn-libraries-3/>.

### Acceptable proof of your COVID-19 vaccination status



COVID-19 Digital Certificate via the Service Victoria app



COVID-19 Digital Certificate saved to smart phone



Printed copy of COVID-19 Digital Certificate together with photo ID



Printed copy of Immunisation History Statement together with photo ID



Medical Exemption together with photo ID

Following the success of our free firewood trial we opened bookings for residents and ratepayers to collect up to 2m3 of cut and split firewood for free through our Transfer Stations in Creswick, Trentham and Daylesford. The firewood has been collected as part of our storm clean-up efforts. We'll be offering bookings regularly over the next few months as well, and don't worry – there is plenty of wood to go around!

Council has also successfully distributed free firewood to a variety of Community Groups at locations around the Shire.



At the start of this month Council's roadside slashing program commenced. The program includes slashing over 600 kilometres of roadsides and commenced in the Clunes and Yandoit areas. Works are expected to wrap up by the end of December.

You may have read or heard that Council is inviting nominations for the 2022 Community Awards, which recognise and celebrate significant contributions from local citizens and groups. If you know someone who goes above and beyond for our community, please consider nominate them for Citizen of the Year, Young Citizen of the Year, and Event of the Year. Nominations close on Monday 29 November 2021 and there is more information available at [www.hepburn.vic.gov.au/community-awards](http://www.hepburn.vic.gov.au/community-awards).

We are developing an Early Years Strategy and are interested in hearing from parents and carers about their experiences and feedback on current services, along with ideas to make our Shire even better for children. The Early Years Strategy will explore areas such as physical and emotional health and wellbeing, access to services, family violence and the impact of COVID-19 on children 12 years and under. While we're liaising with service providers such as schools and kindergartens, we really want to hear from parents and carers you have children in your life aged 0 to 12 years we'd love you to complete a short online survey before 5pm on Friday 26 November at <https://www.surveymonkey.com/r/HSCEYSCommunity>

Staff are continuing to work from home if it's possible to work from home so the majority of meetings have still been held virtually, however with the State close to 90% double vaccination we expect that we will return fully to the office environment in late November. Some of the meetings I have attended this month include:

- RCV future planning workshop Rural South East and South Central
- Executive Team meetings and a Direction Planning workshop
- Council debt webinar
- Enterprise Agreement (EA) meeting re EA negotiations

- Parks and Garden Toolbox meetings
- Storm event debrief meeting
- Meetings with my direct reports
- Meeting with Minister Mary-Anne Thomas
- Financial forward look project
- Creswick Trails meeting
- Central Highlands Integrated Water Management CEO Forum
- MAV CEO forum
- Central Highlands Regional Partnership – Regional Recovery Workshop
- Council briefings and meetings
- Staff Consultative Committee meeting
- Leadership Team (LT) meeting and a LT development workshop
- Western Vic Transmission Network Project (WVTNP) meetings
- Rural Councils Victoria (RCV) AGM
- RCV briefing with Minister Wynne
- Dept. Of Job, Precincts and Region’s briefing to CEO’s regarding COVID
- Hepburn Hub Project Control Group weekly meetings
- Meeting with the CEO of Bushfire Recovery Victoria
- Loddon Campaspe Councils CEO meeting
- Storm Advocacy Meeting between Hepburn, Maceon Ranges and Moorabool Shire Councils, Dept of Transport, DELWP, Bushfire Recovery Victoria
- CEO/Councillor one-on-one meeting
- Meeting with Louise Staley MP
- Central Highlands Councils Victoria CEO Meeting
- Hepburn Shire Council & EPA six monthly catch up meeting
- Committee for Ballarat Round Table Dinner

As you can see from the breadth of topics reported on each month, Council delivers a huge range of services which is one of the reasons I find working in local government so incredibly satisfying. Where else can you work that provides this many services to the community, and you to get to work so closely with the community.

With the end of the year drawing closer and with changed COVID restrictions, many of you may be planning to catch up with friends and loved ones over the holiday period. Each year Council has a mandatory shut down over the Christmas and New Year period and this year we close our offices on Friday 24 December at 3:00pm and we will re-open on Tuesday 4 January 2022.

With the end of year in sight it also signifies that it has now been approximately one year since our new Council was elected, and on Tuesday 16 November Council held a Statutory Meeting at 6pm to elect the new Mayor and Deputy Mayor. Cr Tim Drylie was elected as Mayor and Cr Jen Bray was elected Deputy Mayor for a twelve-month

term. I would like to congratulate Councillors on being elected into these roles and wish them all the best for their term, and looking forward to working with them.

I would also like to thank the outgoing Mayor, Cr Lesley Hewitt, and Deputy Mayor Cr Brian Hood for their dedication and contribution to their roles over the past year, both of who undertook these roles without having previously been a Councillor. It has been a huge year just in terms of COVID and lockdowns then on top of this they've both led the Councillors through their first year of their term in office, including the development of the Community Vision and Council Plan.

### **RECOMMENDATION**

*That Council receives and notes the Chief Executive Officer's Report for November 2021.*

### **MOTION**

*That Council receives and notes the Chief Executive Officer's Report for November 2021.*

**Moved:** Cr Juliet Simpson

**Seconded:** Cr Jen Bray

**Carried**

## 9 PUBLIC PARTICIPATION TIME

This part of the Ordinary Meeting of Council allows for the tabling of petitions by Councillors and Officers and 30 minutes for the purposes of:

- Tabling petitions
- Responding to questions from members of our community
- Members of the community to address Council

Community members are invited to be involved in public participation time in accordance with Council's Governance Rules.

Individuals may submit written questions or requests to address Council to the Chief Executive Officer by 10:00am the day before the Council Meeting.

Some questions of an operational nature may be responded to through usual administrative procedure. Separate forums and Council processes are provided for deputations or for making submissions to Council.

Questions received may be taken on notice but formal responses will be provided to the questioners directly. These responses will also be read out and included within the minutes of the next Ordinary Meeting of Council to make them publicly available to all.

### **BEHAVIOUR AT COUNCIL MEETINGS**

Council supports a welcoming, respectful and safe environment for members of the community to participate at Council Meetings regarding issues that are important to them. Council's Governance Rules sets out guidelines for the Mayor, Councillors, and community members on public participation in meetings. It reinforces the value of diversity in thinking, while being respectful of differing views, and the rights and reputation of others.

Under the Governance Rules, members of the public present at a Council Meeting must not be disruptive during the meeting.

Respectful behaviour includes:

- Being courteous when addressing Council during public participation time and directing all comments through the Chair
- Being quiet during proceedings
- Being respectful towards others present and respecting their right to their own views

Inappropriate behaviour includes:

- Interjecting or taking part in the debate
- Verbal abuse or harassment of a Councillor, member of staff, ratepayer or member of the public
- Threats of violence

## 9.1 PETITIONS

No petitions were tabled.

## 9.2 PUBLIC QUESTIONS

The Chair will read out responses to questions taken on notice from the last ordinary meeting, and then read and respond to new questions received in accordance with Council's Governance Rules.

### **Question 1 – Gary McIntosh**

Given Council has allocated \$15,000 for this important community project which has been 7 years in the pipeline, will Council please ensure it be constructed in steel as per the Brown Ink Design quote that Council requested? Thank you

### **Response – Mayor Lesley Hewitt**

Council is now awaiting quotes for a steel built structure. As soon they are approved community will be notified when construction will commence.

### **Question 2 – David Moore**

Will Hepburn Council hire an independent hydrologist, similar in status to Professor Peter Daulhaus Hydrologist of Federation University, to examine Blackmount Springwaters current application to GMW; to alter their groundwater Licence on Wheelers Hill

### **Response – Mayor Tim Drylie**

It is not Council's intention to seek independent advice on this matter. Council has recently confirmed a commitment to the ongoing protection of the mineral springs through a detailed assessment as part of our future strategic planning program. In addition, Council continues to partner with other agencies in the preparation of an Integrated Water Management Strategy for the towns of Clunes, Creswick and Daylesford. This strategy considers all water values including water catchment, stormwater drainage and infrastructure, potable water, domestic wastewater and alternative water sources. We will be implementing this over the next 12 months, with our intention to expand this work to Trentham and Glenlyon in the future. Council will continue to advocate and seek funding to further this work to protect our precious water resources.

### **Question 3 – David Moore**

Will council request through an FOI the data logging of the groundwater 'take' at Wheelers Hill by BlackMount, submitted annually to Goulburn Murray Water, and make the truck data logging available to council from BlackMount and Vic roads to be made public.

### **Response – Mayor Tim Drylie**

In late 2019, the Chief Executive Officer and Director Infrastructure and Development Services met with Blackmount Springwater to discuss ongoing concerns about water extraction and particularly around compliance with planning permit conditions and truck movement curfews. Agreement was reached with the Director and the Chief Operations Officer around monitoring of curfews and a commitment around self-reporting of known breaches to Council. Vehicle GPS tracking is also available upon request. Council has in the past undertaken surveillance of truck movements outside of the permit conditions and had legal advice regarding this. Council is of the understanding that compliance with the permit conditions is now being achieved. It is not Council's intention to seek this information through an FOI process.

Council welcomes any specific details from concerned residents about any non-compliant vehicle movements.

### 9.3 REQUESTS TO ADDRESS COUNCIL

Members of our community who have submitted a request in accordance with Council's Governance Rules will be heard.

No requests to address Council were received.

*Cr Tim Drylie has declared a material and general conflict of interest for Item 10.1 PA3313 - Use and development of a dwelling and associated works at 2 Railway Road Newlyn.*

**Motion:** That Councillor Bray be appointed as temporary chairperson.

**Mover:** Cr Juliet Simpson

**Seconder:** Cr Tessa Halliday

**Carried**

*Cr Tim Drylie left the meeting at 6:36pm.*

## **10 STATUTORY PLANNING**

### **10.1 PA 3313 - USE AND DEVELOPMENT OF A DWELLING AND ASSOCIATED WORKS AT 2 RAILWAY ROAD NEWLYN - COUNCIL REPORT DIRECTOR COMMUNITY AND DEVELOPMENT**

*In providing this advice to Council as the Statutory Planner, I James McInnes have no interests to disclose in this report.*

#### **ATTACHMENTS**

1. PA 3313 - Complete Application [**10.1.1** - 141 pages]
2. PA 3313 - Objections [**10.1.2** - 18 pages]
3. PA 3313 - Applicant response to objections [**10.1.3** - 4 pages]

#### **EXECUTIVE SUMMARY**

The purpose of this report is for Council to determine planning application PA 3313 for the use and development of a dwelling and associated works at 2 Railway Road, Newlyn, known as Lot A on Plan of Subdivision 843498K (**Attachment 1**).

The application appropriately addresses the relevant sections of the Planning Policy Framework, the Zoning, and the Overlays which affect the land. Following consideration of the relevant planning provisions, comments from referral authorities, and the grounds of objection, the officer recommendation is that a Notice of Decision to Grant a Planning Permit be issued subject to conditions.

#### **OFFICER'S RECOMMENDATION**

*That Council makes a determination to issue a Notice of Decision to issue a Planning Permit at 2 Railway Road, Newlyn in accordance with the following recommendation and conditions.*

*That Council, having caused notice of planning application PA 3313 to be given under Section 52 of the Planning and Environment Act 1987 (the Act), and having considered all the matters required under Section 60 of The Act, determines to issue a Notice of Decision to Grant a Planning Permit for the use and development of a*

*dwelling and associated works at 2 Railway Road, Newlyn subject to the following conditions:*

***Compliance with endorsed plans***

- 1. The use and development approved by this permit and as shown on the endorsed plans must not be altered or modified unless otherwise agreed in writing by the Responsible Authority.*

***Mandatory dwelling use requirements (Clause 35.07-2)***

- 2. Access to the dwelling must be provided via an all-weather road with dimensions adequate to accommodate emergency vehicles.*
- 3. The dwelling must be connected to reticulated sewerage, if available. If reticulated sewerage is not available all wastewater from each dwelling must be treated and retained within the lot in accordance with the requirements of the Environment Protection Regulations under the Environment Protection Act 2017 for an on-site wastewater management system.*
- 4. The dwelling must be connected to a reticulated potable water supply or have an alternative potable water supply with adequate storage for domestic use as well as for fire fighting purposes*
- 5. The dwelling must be connected to a reticulated electricity supply or have an alternative energy source.*

***Mandatory wastewater and stormwater requirements (Clause 42.01, Sch. 1 – 3.0)***

- 6. All on-site wastewater must be treated and disposed of in accordance with the relevant EPA Code of Practice – On Site Wastewater Management*
- 7. All stormwater must be managed and discharged to the satisfaction of the responsible Authority and generally in accordance with the principles*

*described in Urban Stormwater: Best Practice Environmental Management Guidelines (Victorian Stormwater Committee 1999).*

### **General**

8. *All external materials must be non-reflective and finished in natural colours or shades to the satisfaction of the Responsible Authority.*
9. *All areas of disturbed ground must be stabilised and revegetated at the completion of the development to the satisfaction of the Responsible Authority.*

### **Council Engineering**

#### *10. Stormwater Drainage:*

- a. *All stormwater discharged from the subject land shall be connected to the legal point of discharge to the satisfaction of the Responsible Authority. No concentrated stormwater shall drain or discharge from the land to adjoining properties.*

#### *11. Access:*

- a. *Vehicle access/crossing to the land is to be located, constructed and maintained to the satisfaction of the Responsible Authority.*
- b. *Prior to the occupation the following will be constructed for approval:*
  - i. *Vehicle access/crossing is to be constructed in accordance with Infrastructure Design Manual Standard Drawing SD 255 or to approval of responsible authority.*
  - ii. *Vehicle access/crossing to the land shall be located so that adequate sight distance is achieved to comply with Australian Standard AS2890.1:2004 Section 3.2.4 and as specified in Ausroad's Guide to Road Design Part 4A Section 3.4 - 'Sight Distance at Property Entrance'.*
  - iii. *Minimum 10.0m and 9.0m clearance shall be maintained from any road intersection and between adjacent crossovers respectively.*
  - iv. *Any proposed vehicular crossing shall have satisfactory clearance to any side-entry pit, power or Telecommunications pole, manhole cover or marker, or street tree. Any relocation, alteration or replacement required*

*shall be in accordance with the requirements of the relevant Authority and shall be at the applicant's expense.*

- c. The final location and construction of the vehicle crossing is to be approved by the Responsible Authority via a "Consent to Work within the Road Reserve", prior to the undertaking of works.*
- 12. Prior to commencement of use it is the responsibility of the developer to meet the requirements and standards as set out in the IDM (Infrastructure Design Manual) version 5.20*
- 13. All Council Engineering works must construct and complete prior to commencement of use.*
- 14. All costs incurred in complying with the above Council Engineering conditions shall be borne by the permit holder.*

**Council Environmental Health (Standard Conditions)**

- 15. Before works start an application to install a septic tank system must be submitted to the responsible authority.*
- 16. The wastewater system must be an EPA approved Aerobic Wastewater Treatment System capable of achieving the 20/30 standard and must be installed in accordance with the EPA Code of Practice – Onsite Wastewater Management July 2016 (EPA publication 891.4) unless otherwise agreed in writing by the responsible authority.*
- 17. The wastewater management system including effluent disposal fields must be located in an area that is able to satisfy minimum setbacks identified within Table 5 of the EPA Code of Practice – Onsite Wastewater Management July 2016 (EPA publication 891.4).*

**Goulburn Murray Water**

- 18. All construction and ongoing activities must be in accordance with sediment control principles outlined in 'Construction Techniques for Sediment Pollution Control' (EPA, 1991).*
- 19. All wastewater from the dwelling must be treated to a standard of at least 20mg/L BOD and 30mg/L suspended solids using a package treatment plant or equivalent. The system must have a certificate of conformity issued by the Conformity Assessment Body (or equivalent approval) and be installed,*

*operated and maintained in accordance with the relevant Australian Standard and EPA Code of Practice.*

- 20. All wastewater must be applied to land via pressure-compensating sub-surface irrigation installed along the contour.*
- 21. The wastewater disposal area must be located at least: 100m from any waterways, 40m from any drainage lines, 60m from any dams, and 20m from any bores.*
- 22. The wastewater management system must be appropriately designed to manage the potential volume of wastewater generated under full occupancy (based on a minimum 4 bedrooms), including an appropriately sized disposal area based on a full water balance specific to the proposal and subject land in accordance with the requirements of the current EPA Code of Practice – Onsite Wastewater Management.*
- 23. The wastewater disposal area must be kept free of stock, buildings, driveways and service trenching and must be planted with appropriate vegetation to maximise its performance. Stormwater must be diverted away. A reserve wastewater disposal field of equivalent size to the primary disposal field must be provided for use in the event that the primary field requires resting or has failed.*

#### **Central Highlands Water**

- 24. The dwelling and effluent disposal system must be located in accordance with the Land Capability Assessment by Provincial Geotechnical Pty Ltd reference 16716C dated 10th May 2021*
- 25. The owner must install a wastewater management system that provides a secondary level of treatment of wastewater, in accordance with the recommendations in section 4 of Land Capability Assessment by Provincial Geotechnical Pty Ltd reference 16716C dated 10th May 2021*
- 26. Any wastewater management system installed must be regularly serviced by an approved service agent in accordance with the relevant EPA Code of Practice, certificate of approval and Australian Standard.*
- 27. Prior to a Building Permit being issued for a dwelling the owner must enter into an agreement with Central Highlands Region Water Corporation (CHW)*

*and the responsible authority under Sections 173 and 174 of the Planning and Environment Act 1987, requiring that:*

- a. The owner must have any wastewater treatment facility and effluent disposal system for the dwelling inspected annually by a qualified environmental health officer (“the EHO”) and must provide annually to both the Shire and to CHW a written report from the EHO on the condition of the wastewater treatment and effluent disposal system.*
- b. The Owner must have the wastewater treatment facility desludged at least once every 3 years or as otherwise determined by the EHO and*

*evidence of this desludging must be provided in the EHO report referred to in Clause (a) herein.*

- c. The Owner must carry out any works considered necessary by the EHO to ensure the satisfactory operation of the wastewater treatment facility and effluent disposal system.*
- d. The owner will maintain all drainage lines at all times to divert surface water and subsurface water clear of the effluent disposal field.*
- e. The Owner and the Shire agree to do all things necessary to register a memorandum of this Agreement on the title of the land pursuant to Section 181 of the Planning and Environment Act 1987.*
- f. The Owner must meet all costs of inspections, reports and works referred to in Clauses (a), (b), (c) and (d) herein and all costs of the Shire in relation to stamping and registration of this Agreement.*
- g. The Owner must not sell or enter into any contract to sell the land until this Agreement has been registered pursuant to Clause (e) herein.*

*28. The landowners must meet all costs of preparing and recording this agreement.*

**Permit expiry**

*29. This permit will expire if one of the following circumstances applies:*

- a. The development is not started within two (2) years of the date of this permit.*
- b. The development is not completed within four (4) years of the date of this permit.*
- c. The use is not started within four (4) years of the date of this permit.*
- d. The use is discontinued for a period of two (2) years.*

*The Responsible Authority may extend the permit if a request is made in writing in accordance with Section 69 of Planning and Environment Act 1987.*

**PERMIT NOTES:**

**Note 1: Building approval required:** *This permit does not authorise the commencement of any building construction works. Before any such development*

may commence, the applicant must apply for and obtain appropriate building approval.

**Note 2: Siting not considered – ResCode not applicable:** *The provisions of ResCode, Clauses 54 & 55 of the planning scheme, do not apply to the siting of the building being the subject of this permit. The siting controls applicable to the siting of the building being the subject of this permit are contained in Part 5 of the Building Regulations 2018 and must be administered by the relevant building surveyor who has accepted the appointment for the purpose of issuing the building permit. This planning permit does not imply consent or support of Council in respect of any siting requirements not satisfying the prescriptive provisions of Part 5 of the Building Regulations 2018 or where a consent and report of Council to vary the siting may be sought.*

**Note 3: North Central Catchment Management Authority:** *Flood levels for the 1% AEP probability (100 year ARI) have not been determined for this area under the Water Act 1989. However, information available at North Central CMA indicates that in the event of a 1% AEP flood event it is highly unlikely that the property may be subject to inundation from a designated waterway.*

Ms Anita Garth and Ms Joanne Preece addressed Council in support of the application.

Mr Geoff Pile addressed Council in objection to the application.

Mr Andrew Lowth addressed Council in objection to the application.

## **MOTION**

*That Council, having caused notice of planning application PA 3313 to be given under Section 52 of the Planning and Environment Act 1987 (the Act), and having considered all the matters required under Section 60 of The Act, determines to issue a Notice of Decision to Grant a Planning Permit for the use and development of a dwelling and associated works at 2 Railway Road, Newlyn subject to the following conditions:*

### **Amended plans required**

1. *Before the development starts, amended plans and documents to the satisfaction of the Responsible Authority must be submitted to and approved by the Responsible Authority. When approved, the plans will be endorsed and will then form part of the permit. The plans must be drawn to scale and fully dimensioned. The plans must be generally in accordance with the advertised plans but further modified to show:*
  - a. *A setback to the western boundary for the proposed development of no less than 6.5 metres.*

*b. A setback to the eastern boundary for the proposed development of no less than 20 metres.*

**Compliance with endorsed plans**

*2. The use and development approved by this permit and as shown on the endorsed plans must not be altered or modified unless otherwise agreed in writing by the Responsible Authority.*

**Landscaping plan required**

- 3. Before development starts, a detailed landscape plan to the satisfaction of the Responsible Authority must be submitted to and approved by the Responsible Authority. When approved the plan will be endorsed and will then form part of the permit. The landscape plan must be prepared by a person suitably qualified or experienced in landscape design and must be drawn to scale with dimensions and three copies must be provided. The landscape plan must show:*
- a. the locations of all landscaping works to be provided on the land*
  - b. the locations of any trees to be retained or removed from the land (including details of species and size)*
  - c. a detailed schedule of all proposed trees, shrubs and groundcovers, including botanical names, common names, pot sizes, sizes at maturity and quantities of each plant*
  - d. details of the proposed surface finishes of pathways and driveways*
  - e. details of the irrigation system to be used on land following completion of the landscaping works*
  - f. details of landscaping and plantings to be carried out for the purpose of providing substantive vegetative screening along the western boundary of the site for no less than the length of the proposed works plus 20 metres to both the north and south of the development footprint.*

**Landscaping to be carried out and maintained**

- 4. Before the dwelling is occupied, all landscaping works as shown on the endorsed plan must be carried out and completed to the satisfaction of the Responsible Authority. When the landscaping works have been completed, written confirmation must be provided to the satisfaction of the Responsible Authority that landscaping of the land has been undertaken in accordance with the endorsed landscaping plans.*
- 5. All landscaping works as shown on the endorsed plans must be maintained, including that any dead, diseased or damaged plants are to be replaced, to the satisfaction of the Responsible Authority.*

**Mandatory dwelling use requirements (Clause 35.07-2)**

- 6. Access to the dwelling must be provided via an all-weather road with dimensions adequate to accommodate emergency vehicles.*
- 7. The dwelling must be connected to reticulated sewerage, if available. If reticulated sewerage is not available all wastewater from each dwelling must be treated and retained within the lot in accordance with the requirements of the*

*Environment Protection Regulations under the Environment Protection Act 2017 for an on-site wastewater management system.*

*8. The dwelling must be connected to a reticulated potable water supply or have an alternative potable water supply with adequate storage for domestic use as well as for firefighting purposes*

*9. The dwelling must be connected to a reticulated electricity supply or have an alternative energy source.*

*Mandatory wastewater and stormwater requirements (Clause 42.01, Sch. 1 – 3.0)*

*10. All on-site wastewater must be treated and disposed of in accordance with the relevant EPA Code of Practice – On Site*

### **Wastewater Management**

*11. All stormwater must be managed and discharged to the satisfaction of the responsible Authority and generally in accordance with the principles described in Urban Stormwater: Best Practice Environmental Management Guidelines (Victorian Stormwater Committee 1999)*

### **General**

*12. All external materials must be non-reflective and finished in natural colours or shades to the satisfaction of the Responsible Authority.*

*13. All areas of disturbed ground must be stabilised and revegetated at the completion of the development to the satisfaction of the Responsible Authority.*

### **Council Engineering**

*14. Stormwater Drainage: a. All stormwater discharged from the subject land shall be connected to the legal point of discharge to the satisfaction of the Responsible Authority. No concentrated stormwater shall drain or discharge from the land to adjoining properties.*

*15. Access: a. Vehicle access/crossing to the land is to be located, constructed and maintained to the satisfaction of the Responsible Authority. b. Prior to the occupation the following will be constructed for approval:*

*i. Vehicle access/crossing is to be constructed in accordance with Infrastructure Design Manual Standard Drawing SD 255 or to approval of responsible authority.*

*ii. Vehicle access/crossing to the land shall be located so that adequate sight distance is achieved to comply with Australian Standard AS2890.1:2004 Section 3.2.4 and as specified in Ausroad's Guide to Road Design Part 4A Section 3.4 - 'Sight Distance at Property Entrance'.*

*iii. Minimum 10.0m and 9.0m clearance shall be maintained from any road intersection and between adjacent crossovers respectively. iv. Any proposed vehicular crossing shall have satisfactory clearance to any side-entry pit, power or Telecommunications pole, manhole cover or marker, or street tree. Any relocation, alteration or replacement required shall be in accordance with the requirements of the relevant Authority and shall be at the applicant's expense.*

*c. The final location and construction of the vehicle crossing is to be approved by the Responsible Authority via a "Consent to Work within the Road Reserve", prior to the undertaking of works.*

16. *Prior to commencement of use it is the responsibility of the developer to meet the requirements and standards as set out in the IDM (Infrastructure Design Manual) version 5.20*

17. *All Council Engineering works must construct and complete prior to commencement of use.*

18. *All costs incurred in complying with the above Council Engineering conditions shall be borne by the permit holder.*

#### **Council Environmental Health (Standard Conditions)**

19. *Before works start an application to install a septic tank system must be submitted to the responsible authority.*

20. *The wastewater system must be an EPA approved Aerobic Wastewater Treatment System capable of achieving the 20/30 standard and must be installed in accordance with the EPA Code of Practice – Onsite Wastewater Management July 2016 (EPA publication 891.4) unless otherwise agreed in writing by the responsible authority.*

21. *The wastewater management system including effluent disposal fields must be located in an area that is able to satisfy minimum setbacks identified within Table 5 of the EPA Code of Practice – Onsite Wastewater Management July 2016 (EPA publication 891.4).*

#### **Goulburn Murray Water**

22. *All construction and ongoing activities must be in accordance with sediment control principles outlined in 'Construction Techniques for Sediment Pollution Control' (EPA, 1991).*

23. *All wastewater from the dwelling must be treated to a standard of at least 20mg/L BOD and 30mg/L suspended solids using a package treatment plant or equivalent. The system must have a certificate of conformity issued by the Conformity Assessment Body (or equivalent approval) and be installed, operated and maintained in accordance with the relevant Australian Standard and EPA Code of Practice.*

24. *All wastewater must be applied to land via pressure-compensating sub-surface irrigation installed along the contour.*

25. *The wastewater disposal area must be located at least: 100m from any waterways, 40m from any drainage lines, 60m from any dams, and 20m from any bores.*

26. *The wastewater management system must be appropriately designed to manage the potential volume of wastewater generated under full occupancy (based on a minimum 4 bedrooms), including an appropriately sized disposal area based on a full water balance specific to the proposal and subject land in accordance with the requirements of the current EPA Code of Practice – Onsite Wastewater Management.*

27. *The wastewater disposal area must be kept free of stock, buildings, driveways and service trenching and must be planted with appropriate vegetation to maximise its performance.*

*Stormwater must be diverted away. A reserve wastewater disposal field of equivalent size to the primary disposal field must be provided for use in the event that the primary field requires resting or has failed.*

### **Central Highlands Water**

*28. The dwelling and effluent disposal system must be located in accordance with the Land Capability Assessment by Provincial Geotechnical Pty Ltd reference 16716C dated 10th May 2021*

*29. The owner must install a wastewater management system that provides a secondary level of treatment of wastewater, in accordance with the recommendations in section 4 of Land Capability Assessment by Provincial Geotechnical Pty Ltd reference 16716C dated 10th May 2021*

*30. Any wastewater management system installed must be regularly serviced by an approved service agent in accordance with the relevant EPA Code of Practice, certificate of approval and Australian Standard.*

*31. Prior to a Building Permit being issued for a dwelling the owner must enter into an agreement with Central Highlands Region Water Corporation (CHW) and the responsible authority under Sections 173 and 174 of the Planning and Environment Act 1987, requiring that: a. The owner must have any wastewater treatment facility and effluent disposal system for the dwelling inspected annually by a qualified environmental health officer ("the EHO") and must provide annually to both the Shire and to CHW a written report from the EHO on the condition of the wastewater treatment and effluent disposal system. b. The Owner must have the wastewater treatment facility desludged at least once every 3 years or as otherwise determined by the EHO and evidence of this desludging must be provided in the EHO report referred to in Clause (a) herein.*

*c. The Owner must carry out any works considered necessary by the EHO to ensure the satisfactory operation of the wastewater treatment facility and effluent disposal system. d. The owner will maintain all drainage lines at all times to divert surface water and subsurface water clear of the effluent disposal field. e. The Owner and the Shire agree to do all things necessary to register a memorandum of this Agreement on the title of the land pursuant to Section 181 of the Planning and Environment Act 1987. f. The Owner must meet all costs of inspections, reports and works referred to in Clauses (a), (b), (c) and (d) herein and all costs of the Shire in relation to stamping and registration of this Agreement. g. The Owner must not sell or enter into any contract to sell the land until this Agreement has been registered pursuant to Clause (e) herein.*

*32. The landowners must meet all costs of preparing and recording this agreement.*

### **Permit expiry**

*33. This permit will expire if one of the following circumstances applies:*

*a. The development is not started within two (2) years of the date of this permit.*

*b. The development is not completed within four (4) years of the date of this permit.*

*c. The use is not started within four (4) years of the date of this permit.*

*d. The use is discontinued for a period of two (2) years.*

*The Responsible Authority may extend the permit if a request is made in writing in accordance with Section 69 of Planning and Environment Act 1987.*

**PERMIT NOTES:**

*Note 1: Building approval required: This permit does not authorise the commencement of any building construction works. Before any such development may commence, the applicant must apply for and obtain appropriate building approval.*

*Note 2: Siting not considered – ResCode not applicable: The provisions of ResCode, Clauses 54 & 55 of the planning scheme, do not apply to the siting of the building being the subject of this permit. The siting controls applicable to the siting of the building being the subject of this permit are contained in Part 5 of the Building Regulations 2018 and must be administered by the relevant building surveyor who has accepted the appointment for the purpose of issuing the building permit. This planning permit does not imply consent or support of Council in respect of any siting requirements not satisfying the prescriptive provisions of Part 5 of the Building Regulations 2018 or where a consent and report of Council to vary the siting may be sought.*

*Note 3: North Central Catchment Management Authority: Flood levels for the 1% AEP probability (100 year ARI) have not been determined for this area under the Water Act 1989. However, information available at North Central CMA indicates that in the event of a 1% AEP flood event it is highly unlikely that the property may be subject to inundation from a designated waterway.*

**Moved:** Cr Juliet Simpson

**Seconded:** Cr Tessa Halliday

**Carried**

**BACKGROUND**

*Site and Surrounds*

The subject site is known as Lot A on Plan of Subdivision 843498K. The property is an irregular shaped allotment currently vacant of development, is approximately 1.371 hectares in area, and fronts Railway Road to the east. The site zoned Farming Zone and is bounded by Midland Highway to the north-west, Railway Road to the east, Dean-Newlyn Road to the south, and developed Township Zone allotments to the west.

The site has several small patches of vegetation in the northern part of the lot, mostly along the property boundaries, and one reasonably mature non-native tree. The rest of the site is covered in pastoral grasses and weeds. The site is relatively flat, with some small undulations resulting from the cut and fill for the formation of the former railway line that traverses the site north-south. No easements or waterways traverse the site.

The surrounding area is a mix of Township Zone allotments, directly abutting to the west, and Farming Zone allotments, adjacent to the north, east, and south. These surrounding allotments vary in size from approximately 590 square metres in area to 15 hectares in area.

Many of the surrounding properties, including Farming Zone properties, are developed with single dwellings, and most of the larger properties are also used for agriculture (crop raising and animal grazing) and developed with associated agricultural shedding. The Township Zone allotments directly abutting the subject site to the west are the location of an established earthmoving business.

### *Proposal*

The application seeks approval for the use and development of a dwelling and associated works upon the subject site. The development details are as follows (**Attachment 1**):

- Dwelling:
  - o 3 bedrooms, 3 bathrooms
  - o Open plan kitchen/dining/loungeroom
  - o Semi-enclosed courtyard
  - o Garage
  - o Home office (with bathroom)
- Shed:
  - o 4 stables
  - o Feed storage
  - o Tack storage
  - o Wash and crush area
  - o Float/trailer storage
- Sited approximately 5.45 metres from the western boundary, 24.5 metres from the southern boundary, and 21.4 metres from the eastern boundary;
- Approximately 480 square metres of total floor area;
- Approximately 3.685m maximum height from ground level;
- External materials and finishes:
  - o Charred block cladding
  - o Metal cladding/roofing (coloured 'Monument')
  - o Plywood and batten (black stained)
  - o Masonry
  - o Mesh screening
- Vehicle access to Railway Road to the east and Dean-Newlyn Road to the south.

**Note:** The application also includes details of an animal husbandry business to be established upon the site in association with the dwelling, however this aspect of the proposal does not require a planning permit for the proposed use. The buildings and

works which do require a permit form part of the dwelling application and are considered accordingly below.

*Relevant Planning Ordinance applying to the site and proposal*

Zoning:	Clause 35.07 Farming Zone (FZ)	
Overlays:	Clause 42.01 Environmental Significance Overlay – Schedule 1 (ESO1)	
Particular Provisions	Clause 52.06 Car Parking Clause 52.29 Land Adjacent to a Road Zone, Category 1	
Relevant Provisions of the PPF	Clause 11.01-1S Settlement Clause 11.01-1R Settlement – Central Highlands Clause 11.03-6S Regional and local places Clause 12.01-1S Protection of biodiversity Clause 12.05-2S Landscapes Clause 12.05-2S Landscapes – Central Highlands Clause 13.02-1S Bushfire planning Clause 13.04-1S Contaminated and potentially contaminated land Clause 13.07-1S Land use compatibility Clause 14.01-1S Protection of agricultural land Clause 14.01-2S Sustainable agricultural use Clause 14.02-1 Catchment planning and management Clause 14.02-2S Water quality Clause 15.01-1S Urban design Clause 15.01-2S Building design Clause 15.01-5S Neighbourhood character Clause 15.01-6S Design for rural areas Clause 16.01-1S Housing supply Clause 16.01-3S Rural residential development Clause 18.02-4S Car parking Clause 19.03-2S Infrastructure design and provision Clause 19.03-3S Integrated water management Clause 21.01 Municipal Profile Clause 21.03 Vision and Strategic Framework Clause 21.05 Settlement and Housing Clause 21.06 Infrastructure and Transport Clause 21.08 Rural Land Use and Agriculture Clause 21.09 Environment and Heritage Clause 22.01 Catchment and Land Protection Clause 22.04 Rural Land	
Under what clause(s) is a permit required?	Clause 35.07-1 (FZ)	A permit is required to use the land for the Section 2 use of Dwelling
	Clause 35.07-4 (FZ)	A permit is required to construct or carry out:

		<ul style="list-style-type: none"> <li>- A building or works associated with a Section 2 use</li> <li>- A building within 100m of a dwelling not in the same ownership</li> </ul>
	Clause 42.01-2 (ESO1)	A permit is required to construct a building or construct or carry out works
Objections?	Yes – Seven (7)	

## KEY ISSUES

### *Impact on surrounding agricultural land and setting a residential precedent*

The use and development of a dwelling upon the subject site does not stand to impact upon existing nearby agricultural uses in any way greater than the existing uses and development through the area. A key issue for consideration is the appropriateness of the proposed use and development of a dwelling upon a Farming Zone allotment which is under 40 hectares in area, and any subsequent issues of precedent which may present themselves if the application is approved.

The risk of setting a dwelling approval precedent which would result in a proliferation of dwellings upon small Farming Zone lots throughout the surrounding area is very minimal for several reasons:

- The subject site is somewhat unusual in that it is bound by three roads and a small already developed hamlet which is residentially zoned. There are no allotments within the vicinity which could draw direct contextual comparison to the subject site in order to derive precedent from an approval.
- The two vacant Farming Zone lots which are somewhat similar in size and orientation cannot be conceivably compared to the subject site. They are contiguous with surrounding agriculturally used land, and do not have the same physical separation impeding potential farming activities such as bordering roads and existing adjoining development as the subject site does.
- The immediately surrounding area, including that land which is zoned for farming, is already highly proliferated with single dwellings. There are 11 dwellings within 350 metres of the subject site which are developed on Farming Zone allotments, 9 of which are allotments less than 1 hectare in area.

### *Neighbourhood character and rural setting*

The proposed development is modern in comparison the most existing surrounding development, however the design is not overstated within the context which it will be set. The bulk of the development is minimised through appropriate siting within

the contours of the landscape and the generally low overall roof height. The external materials, colours, and finishes are generally of muted tones.

The closest existing dwelling with sightlines to the proposal is approximately 50 metres to the south, and will have relatively limited views thanks to the contours of the land between and the lower relative floor level of the proposed dwelling. The next two nearest dwellings with sightlines are approximately 55 metres and 70 metres to the south-east. These dwellings will have more direct views to the proposal, however given the level of existing development currently within the Township Zone to the west, the proposal is not seen to inappropriately impact upon any views or vistas across the landscape.

*Environmental issues, proclaimed catchment protection, and potentially contaminated land*

The application has been referred to all three applicable water authorities. North Central Catchment Management Authority provided consent to the application with no conditions provided. Goulburn Murray Water and Central Highlands Water provided conditional consent to the issuing of a planning permit, with conditions relating to the standards for treatment of wastewater onsite, ongoing maintenance of proposed treatment systems, and sediment control measures. In meeting these conditions there are no expected environmental issues of impacts upon the Shire's proclaimed catchments.

The application was supported by a site assessment from a suitably qualified environmental professional which determined through appropriate site investigation, soil testing, and laboratory analysis that there is no evidence of contamination or historical contaminating activities that would prevent development of the site for a residential use.

*Amenity considerations*

There are no greater amenity impacts upon existing development that will arise from the proposed dwelling than that of existing nearby agricultural activities, residential uses, or that of the earthmoving business.

**POLICY AND STATUTORY IMPLICATIONS**

This application meets Council's obligations as Responsible Authority under the *Planning and Environment Act 1987*.

**GOVERNANCE ISSUES**

The implications of this report have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities.

**SUSTAINABILITY IMPLICATIONS**

There are no sustainability implications associated with this report.

## **FINANCIAL IMPLICATIONS**

Any application determined by Council or under delegation of Council is subject to appeal rights and may incur costs at VCAT if appealed.

## **RISK IMPLICATIONS**

No risks to Council other than those already identified.

## **COMMUNITY AND STAKEHOLDER ENGAGEMENT**

The application has been advertised by sending notification of the proposal to adjoining and adjacent owners and a notice on the land. As a result, seven (7) objections have been received. The issues raised in the objections are addressed individually as follows (**Attachment 2**):

### *Inappropriate increase in residential development*

The surrounding area is already reasonably densely developed given the zoning applicable to much of the land. There is an established pattern of development and subdivision throughout the immediately surrounding area which constitutes a small rural settlement. The proposal is seen as appropriate within the context of this developed settlement.

### *Setting a precedent for fragmentation of nearby agricultural land*

As addressed earlier in this report, it is not believed that approval of the application will set a precedent for residential development which will result in fragmentation of surrounding agricultural land. The subject site is not directly comparable to other vacant Farming Zone allotments throughout the surrounding area, therefore precedent cannot be adequately established through a direct comparison.

### *Validity of proposed agricultural activity*

The proposed agricultural activity does not form part of the dwelling application as it itself does not require a planning permit. The proposed dwelling has been considered on its individual merits.

### *Incorporation of the site into surrounding agricultural activities*

Whilst this is certainly possible, given the relatively small size of the site, and the physical barriers (abutting development and roadways) arguably limiting these opportunities, it may not be considered practical or viable for any agricultural activity beyond that of animal grazing and perhaps small-scale cropping.

### *Location of proposed vehicle access*

The application has been referred to Council's engineering department who have appropriately considered the proposed vehicle accessways to adjoining roads. No issues have been identified with the proposed accessways, and permit conditions

have been provided to ensure compliance with Council's requirements and the Infrastructure Design Manual as appropriate.

*Amenity impacts during construction*

Appropriate standard permit conditions are recommended to be included to ensure the amenity of the surrounding area is not inappropriately impacted throughout any associated construction works.

*Cr Tim Drylie returned to the meeting at 7:21 pm*

**Attachment\_10.1.1**

























































































































































































































































































**Attachment\_10.1.2**



































**Attachment\_10.1.3**







## **11 EMBRACING OUR PAST AND PLANNING FOR OUR FUTURE**

### **11.1 AWARDING OF CONTRACT HEPBU.RFT2021.166 - HEPBURN HUB AT THE REX - BUILDING & ASSOCIATED WORKS VINCENT STREET DAYLESFORD DIRECTOR INFRASTRUCTURE AND DELIVERY**

*In providing this advice to Council as the Project Manager – Hepburn Hub, I Bruce MacIsaac have no interests to disclose in this report.*

#### **ATTACHMENTS**

1. CONFIDENTIAL - 211117 HEPBU.RFT.2021.166 Tender Evaluation [**11.1.1** - 10 pages]
2. CONFIDENTIAL - 211118 HEPBU.RFT 2021.166 - Schedule Summary [**11.1.2** - 1 page]
3. CONFIDENTIAL - 211118 HEPBU.RFT 2021.166 - Scoring Summary [**11.1.3** - 1 page]
4. CONFIDENTIAL - 211118 HEPBU.RFT 2021.166 - Conflict Of Interest Declarations [**11.1.4** - 8 pages]

#### **EXECUTIVE SUMMARY**

The purpose of this report is for Council to consider the awarding of contract HEPBU.RFT2021.166 – Hepburn Hub at the Rex - Stage 2 Building Works.

This contract is for alterations and additions to the existing Rex building located in Vincent Street, Daylesford for the purpose of a library, community auditorium and offices.

Tenders for these works were invited via public advertisement on Council's website and in newspapers. Six (6) responses were received and evaluated by the tender evaluation panel in accordance with Council's Procurement Policy.

Subsequently, several clarifications were resolved with the preferred tenderer to ensure the scope of works were fully allowed for in the tender price and the construction program. This price is \$352,972 more than the estimate included in the construction budget.

In addition to the core scope, several tender options were sought from tenderers. These were associated with enhancing the sustainability aspects of the facility. These tender options include the conversion of the heating system from gas to electricity, the provision of photovoltaic cells to the main roof and associated works.

## **OFFICER'S RECOMMENDATION**

*That Council:*

- 1. Awards contract number HEPBU.RFT2021.166 for the fixed lump sum of \$6,030,972 exclusive of GST for the main works to Harris HMC Interiors (VIC) Pty Ltd.*
- 2. Accepts the Sustainability options valued at \$296,443 exclusive of GST within the tender submission from Harris HMC Interiors and authorises their inclusion in the awarded contract.*
- 3. Refers the contract shortfall of \$352,972 exclusive of GST and the funding of the sustainability options valued at \$296,443 exclusive of GST for consideration in the Mid-Year Budget review;*
- 4. Endorses the administration of the Project Contingency by the Project Control Group (PCG) within the overall endorsed Project Budget and Project Scope;*
- 5. Authorises Council Officers to make variations to the Contract, in excess of the awarded contract value, within the approved Project Contingency;*
- 6. Approves the signing and sealing the contract documents; and*
- 7. Resolves that the confidential evaluation report remain confidential and that the Minutes record the successful tenderer and the accepted tender price.*

## **MOTION**

*That Council:*

- 1. Does not award a contract for the building works and determines not to proceed with the Hepburn Hub at the Rex project;*
- 2. Acknowledge the significant work undertaken by officers and contractors during the project, and within the current tender process;*
- 3. Write to all tenderers acknowledging their work and that Council will not proceed with the Hepburn Hub at the Rex project;*
- 4. Request that the Chief Executive Officer undertakes a process to sell, through a public process, the Rex building;*
- 5. Work with the Daylesford Cinema group on potential temporary and permanent solutions for the community cinema; and*

6. *Request the Chief Executive Officer prepare a scope to undertake a planning project that will review possible solutions of staffing accommodation and community facilities that were to be included in the Hepburn Hub; and*
7. *Request the Chief Executive Officer to review the financial loan drawn in June 2021 for this project with a view to immediately paying down the debt.*

**Moved:** Cr Juliet Simpson

**Seconded:** Cr Don Henderson

**Carried**

**Division:**

**For:** Cr Juliet Simpson, Cr Brian Hood, Cr Lesley Hewitt, Cr Don Henderson

**Against:** Cr Jen Bray, Cr Tessa Halliday, Cr Tim Drylie

## BACKGROUND

On the 15 June 2021 Council endorsed the amendments to the Hepburn Hub at the Rex Project Plan which, among other things, resulted in the termination of the building contract and the pursuit of a new tender process.

Since those decisions were implemented in early July, the design of Stage 2 has been amended to include the additional scope endorsed by Council and the works have been re-tendered.

This report outlines the result of that tender process so that a builder can be appointed. The works will then be completed and the facility delivered to the community.

## KEY ISSUES

Tenders for the Building and Associated Works at the Hepburn Hub at the Rex were invited through council's tender portal Tenders.net. This invitation was advertised on Saturday 21 August 2021 via Council's website, The Age, The Courier and The Bendigo Advertiser. Six (6) tenders were received.

The tender submissions were evaluated by a panel consisting of:

Name	Title
Chair: Bruce Lucas	Director Infrastructure & Delivery
Ben Grounds	Manager Major Projects
Paul Brumby	Independent Financial Member
Bruce Maclsaac	Project Manager

The Evaluation Panel evaluated the tenders received against the following criteria.

Criteria	Weighting
Price	30%
Risk/OHS/Quality Management	5%
Local Content	10%
Response to Specification	25%
Experience and Qualifications	20%
Business and Financial Capacity	5%
Sustainability	5%

<b>TOTAL</b>	<b>100%</b>
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The outcome of the tender evaluation is detailed in the attached Confidential Tender Evaluation Report.

## **POLICY AND STATUTORY IMPLICATIONS**

### **Council Plan 2021-2025**

#### **Strategic Objective 2 – A healthy, supported and empowered community**

Key Strategic Activity:

2.3.5 Promote the use of libraries and hubs throughout Hepburn Shire.

#### **Strategic Objective 3 – Embracing our past and planning for the future**

Key Strategic Activity:

3.1.5 Manage and support our heritage buildings in accordance with the adopted Hepburn Heritage Strategy 2020-2030

3.3.1 Continuing to provide strong management and maintenance of our infrastructure

#### **Strategic Objective 4 – Diverse economy and opportunities**

Key Strategic Activity:

4.2.2 Review the impact of the co-working space at the Hepburn Hub at the Rex and explore the feasibility of local co-working spaces in other parts of the Shire

#### **Strategic Objective 5 – A dynamic and responsive Council**

Key Strategic Activity:

5.1.3 Continue to value, support and implement Community Reference Groups, where appropriate

5.2.3 Implement the recommendations of the Hepburn Shire Council Service Review – Customer experience

5.3.4 Effectively advocate, scope projects, prepare application and ensure the delivery of major initiatives and projects

5.5.3 Delivery the annual Capital Works Program

## **GOVERNANCE ISSUES**

The implications of this report have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities.

## **SUSTAINABILITY IMPLICATIONS**

The proposed facility will comply with contemporary standards of environmental design and improve the sustainability of Council operations, however, there is an opportunity to include additional sustainability initiatives within the building. As one of council's largest facilities and potential consumer of power, several tender options were sought.

These tender options include the replacement of gas heating with electricity and the inclusion of photovoltaic cells to harness the roof's available solar potential.

The replacement of gas heating with electric heating is intended to maximise the environmental and financial outcomes for council by leveraging the group procurement contract for the purchase of electricity entered into by council.

Further, this is combined with a second tender option to install photovoltaic cells on the roof of the main hall which will further reduce the carbon footprint of the facility. This is also intended to maximise the benefits by reducing the power required for the facility.

### **FINANCIAL IMPLICATIONS**

Currently the project is funded by a mixture of approved Council funds and a loan facility as outlined in the budget, in addition to several external government grants.

On the 15 June 2021 Council endorsed a project budget of \$8.755M based on several forecasts including the construction costs if the project was re-tendered. It was proposed that the funding shortfall of \$1.625M was to be funded as a loan facility and repaid with the proceeds of property asset sales after the completion of the project.

The resolutions from the 15 June 2021 have now been completed. The previous construction contract was terminated on the 6 July 2021, the additional scope documented and a new tender process completed. This resulted in an additional \$298k in costs beyond those expended as at the end of May.

Further, the re-tendering process has now been completed and a tender price confirmed of \$6,030,972 which is \$353k greater than the quantity surveyor's June cost plan estimate.

To ensure the construction period is properly supported by the consultant team, fee proposals have also been sought for this additional work and the forecasts are \$252k more than the estimate provided to Council at its June meeting.

On this basis, the total project cost is currently forecast to be \$9,658,063. This is \$903,063 more than the forecast provided in June. This results in a combined total funding shortfall of \$2,528,063 (\$903,063 + \$1,625,000). It is proposed that these additional funds be funded through a loan facility and repaid with the proceeds of property sales after the completion of the project.

In addition, should Council exercise the tender options for the sustainability initiatives valued at \$296,443 it is proposed that these works be funded through the mid-year budget process.

### **RISK IMPLICATIONS**

Due to the value of the contract, in accordance with Council's Procurement Policy, the preferred tenderer was subject to an independent financial check.

On behalf of Hepburn Shire Council, Equifax Australasia Credit Ratings Pty Limited was engaged to complete a corporate scorecard known as a *Detailed Financial & Performance Assessment (Procurement)* on the preferred tenderer. In summary the result was a satisfactory financial capacity to undertake the contract works.

In accordance with Council's Procurement Policy, an independent procurement consultant was appointed to review the process and confirm its probity. This is required where the proposed contract is greater than three (3) million dollars.

This also provided for a review the procurement process to assess it against Council's Procurement Policy to provide comment on the process and probity compliance. ArcBlue has verified the outcome.

Construction related risks shall be addressed in the builder's Construction Management Plan and pre-commencement site meetings. The builder will be required to confirm that the risks have been addressed and respond to appropriately. This will include managing the work site safely and in accordance with an environmental management plan and providing a Traffic Management Plan in accordance with AS 1742.3.

### **COMMUNITY AND STAKEHOLDER ENGAGEMENT**

Stakeholders have been consulted during the design process with regular updates provided to the community.

Council has determined to appoint a Project Reference Group with community members as well as a representative of the Daylesford Community Theatre, a councillor and the Mayor to support the delivery of the project.

Should Council decide to accept the tender offer, the decision shall be communicated in a media release and regular updates on progress shall be made during the works.

During construction, directly affected property owners, adjacent businesses and shoppers will be informed prior to any sensitive construction works being commenced.

## **11.2 HEPBURN HUB AT THE REX NOVEMBER UPDATE DIRECTOR INFRASTRUCTURE AND DELIVERY**

*In providing this advice to Council as the Project Manager – Hepburn Hub, I Bruce MacIsaac have no interests to disclose in this report.*

### **ATTACHMENTS**

- Nil

### **EXECUTIVE SUMMARY**

The purpose of this report is:

- To provide information to allow Council to properly monitor the progress of the project against the Project Plan as amended on 15 June 2021.
- To acquit Council's resolution that management provide periodic reporting to Council on the progress of the Hepburn Hub at the Rex.
- To respond to the Council resolution of the 15 June 2021 regarding the procurement of a new contractor
- To provide a procurement plan for the associated consultant services required to successfully complete the construction stage, should Council decide to accept the tender offer.

## **OFFICER'S RECOMMENDATION**

*That Council:*

- 1. Receives and notes the November 2021 project update report regarding the Hepburn Hub at the Rex Project.*
- 2. Notes the tender offer for construction has been received and is to be presented for decision.*
- 3. Notes that an Expression of Interest for community members to participate in the Project Reference Group has been completed and is to be presented for decision.*
- 4. Endorses the revised project budget of \$9.658M.*
- 5. Remedies the existing breach of section 9.2 of the LGA 1989, albeit retrospectively, for the payment of the existing architect fees;*
- 6. Accept the proposed variations of the architect up of \$89,720 (ex GST) and a further contingency of \$20,000 (ex GST)*
- 7. Remedies any other minor breaches of the Procurement Policy, albeit retrospectively, associated with the procurement other consultants including the Building Surveyor, Structural Engineer, Services Engineer, Quantity Surveyor and the like up to and including the 31 October 2021;*
- 8. Accepts the other proposed variations of the Building Surveyor up to \$19,825 (ex GST) and a further contingency of \$5,000 (ex GST)*
- 9. Accepts the other proposed variations of the Quantity Surveyor up to \$22,290 (ex GST) and a further contingency of \$5,000 (ex GST).*
- 10. Accepts the other proposed variations of the Structural Engineer up to \$24,500 (ex GST) and a further contingency of \$5,000 (ex GST).*
- 11. Accept the other proposed variations of the Building Service Engineer up to \$40,280 (ex GST) and a further contingency of \$8,000 (incl GST).*
- 12. Notes that any further expenditure required on consultants to facilitate the construction process or if the construction process be extended beyond 8 months shall be allocated from the contingency.*

## **MOTION**

*That Council:*

- 1. Make no decision on item 11.2 Hepburn Hub at the Rex November Update as Council has determined at 11.1 of this Council Meeting to not proceed with the Hepburn Hub at the Rex Project;*
- 2. Note and remedies the existing breach of section 9.2 of the LGA 1989, albeit retrospectively, for the payment of the existing architect fees; and*
- 3. Note and remedies any other minor breaches of the Procurement Policy, albeit retrospectively, associated with the procurement other consultants including the Building Surveyor, Structural Engineer, Services Engineer, Quantity Surveyor and the like up to and including the 31 October 2021.*

**Moved:** Cr Juliet Simpson

**Seconded:** Cr Brian Hood

**Carried**

## **BACKGROUND**

On the 18 February 2020 Council endorsed the Project Plan for the Hepburn Hub at the Rex setting out the governance for the project. This plan outlines the project scope, budget, funding and delivery program and has been subsequently revised by Council as required.

On the 15 June 2021 Council resolved that

- “the revised scope to attend to the site conditions and to provide certainty.”*
- “the revised budget of \$8.755M to match the revised scope of works.”*
- “the revised program with a construction completion date of mid-2022 to align with the amended scope.”*
- “a new procurement process commencing as soon as possible should the contract with Hutchinson Builders be terminated.”*

Subsequently, on the 6 July the previous contract was terminated and a new procurement process undertaken with a preferred tender identified.

This report provides an update on the project plan now that the activities envisaged in the June resolutions have been finalised.

## **KEY ISSUES**

The endorsed project scope remains a facility of 2,052 square metres of enclosed space. The endorsed scope includes a library, community auditorium, coworking space, customer service and council offices.

It also responds to the existing site conditions and allows for those identified to be rectified as part of the new works to bring the facility up to contemporary standards.

Further, a number of tender options have been included to respond to Council’s intention to improve sustainability outcomes.

The program has also been amended to report on the new procurement process and for the works to be completed in July 2022 with occupation in August 2022 (Refer **Table 1** below).

**Table 1 Project Plan Summary**

Project Metric	Current Endorsed Metric	Current Forecast Outcome	Current Forecast Variance
Project Scope (Enclosed Area)	2,052Sqm	2,052Sqm	NIL Sqm
Project Budget	\$8.755M	\$9.658M	\$0.903M
Project Program (Date for PC)	01/07/22	12/08/22	5 weeks

With the project cost now forecast to be \$9,658,063 it is appropriate to again confirm the viability of the project. Following a councillor workshop in early June where available options were discussed These options included ceasing the project, selling the Rex building and commencing a new project to consider alternate sites, through to proceeding with the current project. Council confirmed its commitment to the project at the 15 June 2021 Council meeting.

Council may consider not awarding a contract to proceed with the build. In this scenario, Council will then need to consider what the next stage is for the building and how it will address the office accommodation deficiencies which is likely to result in a similar or greater financial implication.

**Project Scope**

The forecast functional areas endorsed by Council are those outlined in the table below. (Refer **Table 3** below). These areas remain unchanged although some parts are to be demolished and replaced with new. The risks associated with the project scope are outlined in the following section.

The building itself is between 15 to 90 years old. It has been identified that some upgrades are required to existing building elements to overcome deferred maintenance and building defects to improve performance and to meet current standards.

This includes an upgrade to the storm water system and the replacement of the existing staff amenities or toilets located in the rear portion of the building. It should be noted that this internal structure has one of the large Bromley Murals painted on

the wall cladding which would be lost. This has been discussed with Council's Public Art Panel.

Further, tender options have been sought for the following enhancements so that they may also be considered by Council:

- Substitution of gas boilers with electric heat exchanges
- Photovoltaic system and associated roof upgrades

**Table 3 Project Scope Summary**

<b>Scope Element</b>	<b>Current Endorsed Area Sqm</b>	<b>Current Forecast Area Sqm</b>	<b>Current Forecast Variance Sqm</b>
Council Offices	944	944	NIL
Customer Services	122	122	NIL
Library	348	348	NIL
Community Auditorium	106	106	NIL
Tenancies 1, 2 & 3	111	111	NIL
Tenancies 4	136	136	NIL
Entry & Amenities	285	285	NIL
<b>Enclosed Area</b>	<b>2,052</b>	<b>2,052</b>	<b>NIL</b>
Carpark	1,298	1,298	NIL
Open Space	120	120	NIL
<b>External Space</b>	<b>1,418</b>	<b>1,418</b>	<b>NIL</b>
<b>Total</b>	<b>3,470</b>	<b>3,470</b>	<b>NIL</b>

### Scope Risks

Latent conditions are site conditions that are not visible before tender. These are encountered during the works and an allowance to respond to these circumstances has made in the contingency.

## **Project Budget**

The tender documentation has been amended to include the changes that respond to the identified site conditions as well as the enhancements and upgrades endorsed by Council. The tender options have also been documented for pricing.

The project budget endorsed on the 15 June 2021 was \$8.755M. This was based on:

- the existing cost as at the 31 May 2021;
- the forecast cost of construction as at 4 June 2021 and;
- a forecast of other costs including consultants and the contingency as at the 7 June 2021.

Council's resolutions of the 15 June 2021 have now been fully acquitted with:

- the termination of the existing building contract on the 7 July 2021;
- the receipt and assessment of the new tenders and;
- the receipt of consultant fee proposals for the elongated program.

This has resulted in a forecast variance to the endorsed budget outlined in the report to Council in June of \$903K. This is associated with variances in the following cost centres:

- \$298K in costs associated with the negotiations with the former contractor prior to terminating.
- \$353K in preferred tender offer and;
- \$252K in the forecast cost of the consultants required to service the contract administration period.

The final costs associated with the existing works and the termination of the building contract have now been identified and paid. These were substantially greater than those incurred as at the end of May by \$298K. This is due to the receipt of invoices after the preparation of the report and the difficulty in forecasting the costs accurately due to the ongoing nature of the negotiations. These costs are almost exclusively associated with minor rectification works and consultant fees, including project management, as no sum was paid to the contractor as part of the termination agreement.

The preferred tender price for the proposed works is \$6,030,972 which is \$353K more than the estimate provided to Council in June. This was based on a cost plan estimate prepared by a quantity surveyor in May and received by council in early June. Notwithstanding this additional cost to the construction estimate, the tender price is considered good value for money for council.

The forecast of the consultants' costs was under-estimated in June 2021 by \$252K. This was due to uncertainty regarding the termination of the existing building contract, the length of the associated tender and construction program and the quantum of services required to successfully complete the project. Fee proposals from all the relevant consultants have now been obtained for the services required

to successfully complete the project and these proposals are now reflected in the forecast.

The budget summary is outlined in the table below (Refer *Table 4* below). Note this does not allow for the tender options. The risks to the Budget are noted below the table.

**Table 4 Project Budget Summary**

<b>Budget Element</b>	<b>Endorsed Budget 15/06/21 \$M</b>	<b>Current Forecast Nov 21 \$M</b>	<b>Current Forecast Variance \$M</b>
<b>Total Expenditure (Stage 1 and 2)*</b>	\$2.507	*\$2.805	\$0.298
Construction Stage 2	\$5.678	**\$6.031	\$0.353
Consultants & Other Costs Stage 2	\$0.210	***\$0.462	\$0.252
FFE/ICT (included in construction)	\$NIL	\$NIL	\$NIL
Contingency	\$0.360	\$0.360	\$NIL
<b>Total Expenditure to Complete (Stage3)</b>	\$6.248	\$6.853	\$0.605
<b>Total Project Budget</b>	\$8.755	\$9.658	\$0.903

\*Actual expenditure associated with the existing construction works including the termination of the building contract on 6 July 2021.

\*\* This is the confirmed tender price

\*\*\* This is substantially based on fee proposals received from the consultants for the additional services required to successfully complete the project.

### **Budget Risks**

The construction contract provides a fixed price which should provide certainty in relation to the great majority of the remaining budget to be spent.

The fixed price does not allow for any variations identified during the construction period which are associated with: latent (hidden) conditions; documentation omissions; principal generated changes, and prolongation of the program.

These variations are funded from an allowance in the budget known as a contingency. A contingency of 6% is considered a reasonable allowance for risk at this stage of the project.

The fees associated with the consultants are based on fee proposals allowing for all the services required during construction and the defects liability period in the year beyond. Further fees may be incurred for the documentation of significant changes to the scope or to rectify latent conditions but it is intended that these also be funded from the contingency.

### **Project Program**

The program was endorsed at the Council meeting held on the 15 June 2021 with the completion of construction scheduled for “*mid-next year*”.

The number of working days has now been confirmed in the tender offer and a Date for Practical Completion set on the 13 July 2022. This is contingent on Council’s decision to accept the tender offer, issue a Notice to Proceed and handover of the site by the 10 December 2021 to the contractor.

Once construction is completed a further month has been allowed to decant staff, furniture and equipment and to prepare for operations at the new site.

The program summary is outlined in the table below (Refer *Table 5* below). The risks to the Program are noted below the table.

**Table 5 Project Program Summary**

<b>Program Element</b>	<b>Current Endorsed Program End Date</b>	<b>Current Forecast Program End Date</b>	<b>Current Forecast Variance Days</b>
Direction	06/07/21	06/07/21	NIL
Documentation	5/08/21	21/08/21	16
Tender	9/09/21	15/10/21	36
Contract	19/10/21	23/11/21	35
Mobilisation	18/11/21	10/12/21	22
Construction	18/07/22	13/08/22	25
Occupation	01/08/22	22/08/22	21

### **Program Risk**

These are associated with the variations and other items outside the parties control such as inclement weather or even further COVID shutdowns. These cannot be forecast with certainty but a reasonable allowance may be a month on a project of this duration. With this in mind a 20 working day extension has been negotiated with the builder to provide greater certainty in terms of the forecast completion date

Any forecast variations to the endorsed program shall be monitored by the Project Control Group and reported to Council monthly. These changes will mostly be associated with the construction program usually associated with changes to the works which also delay the builder's critical path.

### **Consultant Procurement**

The unexpected termination of the construction contract has resulted in some complications in terms of compliance with Council's Procurement Policy. This outcome was not foreseen when the consultants were procured at the commencement of the design stage.

In some instances, this has resulted in inadvertent minor breaches of the Procurement Policy including one instance where there was exceedance of the \$150,000 threshold. This has only been identified after the termination of the building contract and finalisation of the tender documents. Firstly, it is requested that acknowledge this instances and remedy them by resolution.

However, should Council accept the tender offer for construction, then the services of various consultants will be required during construction to properly administer the contract. These consultant fee proposals have been sought and received by council and it has been identified that accepting these proposals would result in further breaches of the Policy unless they are accepted by formal Council decision.

It is also noted that it is impractical to genuinely procure these services from alternative suppliers as the design documents incorporated into the proposed building contract itself have also been authored by these same consultants.

In response, legal advice has been sought from Maddocks lawyers to determine an appropriate response to this situation to ensure compliance with the Local Government Act and Council's own Procurement Policy.

This advice was sought particularly for the procurement of the Architect where the total expenditure is now \$156,613 (including GST) and the threshold for which a public tender is usually required is \$150,000.

The advice is that Council resolve:

- to remedy this existing breach of section 9.2 of the LGA 1989, albeit retrospectively, for the payment of the existing architect fees.

- to accept the proposed variations of the architect up of \$89,720 (ex GST) and a further contingency of \$20,000 (ex GST) should additional unforeseen services be required to facilitate the construction process, for the construction process be extended beyond 8 months.

Further with regards to the other consultants where the existing fees are less than the tender threshold in the Local Government Act of \$150,000 (incl GST) it is advised that Council resolve:

- to remedy any other minor breaches of the Procurement Policy, albeit retrospectively, associated with the procurement other consultants including the Building Surveyor, Structural Engineer, Services Engineer, Quantity Surveyor and the like up to and including the 31 October 2021.
- to accept the other proposed variations of the Building Surveyor up to \$19,825 (ex GST) and a further contingency of \$5,000 (ex GST) should additional unforeseen services be required to facilitate the construction process or if the construction process be extended beyond 8 months.
- to accept the other proposed variations of the Quantity Surveyor up to \$22,290 (ex GST) and a further contingency of \$5,000 (ex GST) should additional unforeseen services be required to facilitate the construction process or if the construction process be extended beyond 8 months.
- To accept the other proposed variations of the Structural Engineer up to \$24,500 (ex GST) and a further contingency of \$5,000 (incl GST) should additional unforeseen services be required to facilitate the construction process or if the construction process be extended beyond 8 months.
- to accept the other proposed variations of the Building Service Engineer up to \$40,280 (ex GST) and a further contingency of \$8,000 (incl GST) should additional unforeseen services be required to facilitate the construction process or if the construction process be extended beyond 8 months.

It should be noted that all the variations proposed to be accepted above are already allowed for within the forecast estimate included in this report.

### **Recent Activities**

Recent activities over the past period include:

- Finalisation of officer assessment of applications for the Project Reference Group
- Finalisation of officer assessment of tender offers
- Receipt of the consultant fee proposals

### **NEXT STEPS**

Foreshadowed activities over the next period pending Council decisions include:

- Response to applicants to the expression of interest for the Project Reference Group and coordination of first meeting;

- Response to tenderers and execution of the building contract;
- Engagement of consultants during the construction period and;
- Site handover and smoking ceremony.

## **POLICY AND STATUTORY IMPLICATIONS**

### **Council Plan 2021-2025**

#### **Strategic Objective 2 – A healthy, supported and empowered community**

Key Strategic Activity:

2.3.5 Promote the use of libraries and hubs throughout Hepburn Shire.

#### **Strategic Objective 3 – Embracing our past and planning for the future**

Key Strategic Activity:

3.1.5 Manage and support our heritage buildings in accordance with the adopted Hepburn Heritage Strategy 2020-2030

3.3.1 Continuing to provide strong management and maintenance of our infrastructure

#### **Strategic Objective 4 – Diverse economy and opportunities**

Key Strategic Activity:

4.2.2 Review the impact of the co-working space at the Hepburn Hub at the Rex and explore the feasibility of local co-working spaces in other parts of the Shire

#### **Strategic Objective 5 – A dynamic and responsive Council**

Key Strategic Activity:

5.1.3 Continue to value, support and implement Community Reference Groups, where appropriate

5.2.3 Implement the recommendations of the Hepburn Shire Council Service Review – Customer experience

5.3.4 Effectively advocate, scope projects, prepare application and ensure the delivery of major initiatives and projects

5.5.3 Delivery the annual Capital Works Program

## **GOVERNANCE ISSUES**

The implications of this report have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities.

## **SUSTAINABILITY IMPLICATIONS**

The proposed facility will comply with contemporary standards of environmental design and improve the sustainability of Council operations, however, there is an

opportunity to include additional sustainability initiatives within the building. As one of council's largest facilities and potential consumer of power, a number of tender options were sought.

These tender options include the replacement of gas heating with electricity and the inclusion of photovoltaic cells to harness the roof's available solar potential.

These options have been detailed in the awarding of contract report.

### **FINANCIAL IMPLICATIONS**

Currently the project is funded by a mixture of approved Council funds and a loan facility as outlined in the budget, in addition, to several external government grants.

At the June council meeting Council endorsed a project budget of \$8.755M based on several forecasts including the construction costs if the project was re-tendered. It was proposed that the funding shortfall of \$1.625M be funded as a loan facility and repaid with the proceeds of property asset sales after the completion of the project.

The resolutions from the 15 June 2021 have now been completed. The existing construction contract was terminated on the 6 July 2021 and the costs incurred by Council were \$298k greater than the actual costs incurred as at the 31 May 2021. Further the tender has now been completed and a tender price confirmed of \$6,030,972 which is \$353k greater than the quantity surveyor's June cost plan estimate. To ensure the construction period is properly supported by the consultant team, fee proposals have also been sought for this additional work and the forecasts are \$252k more than the estimate provided to Council at its June meeting.

On this basis, the total project cost is currently forecast to be \$9,658,063. This is \$903,063k more than the forecast provided in June, however, it is founded on a confirmed tender offer and consultant fee proposals. This results in a combined total funding shortfall of \$2,528,063 (\$903,063 + \$1,625,000). It is proposed that these additional funds be funded through a loan facility and repaid with the proceeds of property sales after the completion of the project.

In addition, should Council exercise the tender options for the sustainability initiatives valued at \$296,443 it is proposed that these be funded through the mid year budget process.

### **RISK IMPLICATIONS**

Construction risks are to be managed through the contract including the requirement to provide a Construction Management Plan. At the pre-commencement site meeting the builder will be required to confirm that the risks have been addressed and responded to appropriately. This will include managing the work site safely and providing Traffic Management Plan in accordance with AS 1742.3.

## **COMMUNITY AND STAKEHOLDER ENGAGEMENT**

Stakeholders have been consulted during the design process with updates provided to the community.

Should Council determine to award a construction contract this will be communicated in a media release and regular updates on progress will be made during the works. Directly affected property owners and adjacent businesses will be informed prior to construction commencing.

Council has also resolved to establish a Project Reference Group. This is intended to improve communication between council, the community and stakeholders on construction progress and occupation process.

**11.3 HEPBURN HUB AT THE REX - PROJECT REFERENCE GROUP – MEMBERSHIP APPLICATIONS  
DIRECTOR INFRASTRUCTURE AND DELIVERY**

*In providing this advice to Council as the Project Manager, I Bruce MacIsaac have no interests to disclose in this report.*

Note: Should Council not have awarded a contract for the Hepburn Hub at the Rex - Stage 2 Building Works earlier in this agenda, this report will not need to be considered.

**ATTACHMENTS**

- Hepburn Hub at the Rex Project Reference Group Terms of Reference

**EXECUTIVE SUMMARY**

On the 21 September 2021 Council endorsed the Terms of Reference (TOR) for the Hepburn Hub at the Rex Project Reference Group.

The endorsed Terms of Reference state membership will comprise of the Mayor, acting as Chair, an additional Councillor who is to be nominated by Council, six (6) positions for community members to be selected by Council and one Daylesford Community Theatre (DCT) member.

An Expression of Interest process for community members has been completed. Following an assessment of the nominations the shortlisted six candidates for Council's consideration are provided, in addition to the representative nominated by the Daylesford Community Theatre.

**OFFICER'S RECOMMENDATION**

*That Council:*

1. *Appoint the following community members to the Hepburn Hub at the Rex Project Reference Group:*

*-Timothy Bach*

*-Mary Faeth Chenery*

*-Elizabeth Corbett*

*-Meyer Eidelson*

*-Jaqueline Grenfell*

*-Tom Shaw*

2. *Appoint Gina Lyons as the nominated representative of the Daylesford Community Theatre to the Hepburn Hub at the Rex Project Reference Group.*
3. *Appoint Cr ..... as the Councillor Representative to the Hepburn Hub at the Rex Project Reference Group*

**MOTION**

*Due to technical difficulties Council suspend standing orders.*

**Moved:** Cr Brian Hood

**Seconded:** Cr Juliet Simpson

*Standing orders were suspended at 8:09pm*

**MOTION**

*Council to resume standing orders.*

**Moved:** Cr Don Henderson

**Seconded:** Cr Jen Bray

*The meeting resumed standing orders at 8:14pm*

**MOTION**

*That Council:*

1. *Thanks members of the community for their application to the Hepburn Hub at the Rex Project Reference Group;*
2. *Note that the Project Reference Group will not be created as Council has determined at 11.1 of this Council Meeting to not proceed with the Hepburn Hub at the Rex Project; and*
3. *Note that any future community consultation for possible solutions of staffing accommodation and community facilities will be undertaken in accordance with Councils Community Engagement Policy.*

**Moved:** Cr Brian Hood

**Seconded:** Cr Don Henderson

**Carried**

**BACKGROUND**

On the 21 September 2021 Council established by resolution the Hepburn Hub at the Rex Project Reference Group by endorsing its Terms of Reference.

The membership of the Project Reference Group aims to ensure there is a broad representation of community needs relevant to the facility. Membership shall comprise of:

- Mayor (Chair)
- Additional Councillor representative
- Up to six (6) community members who are committed to working positively to see the project's successful completion.
- Daylesford Community Theatre representative
- Project Manager
- Director Infrastructure & Delivery

The Project Reference Group (PRG) will assist in successfully delivering the project by informing the construction and occupation processes of the project and assisting with transfer of information between Council and community.

Areas of responsibility include:

- Representing broad community interests and needs, to help bring the Hepburn Hub to completion and realise the Hepburn Shire community's vision and needs
- Engaging in the construction and occupation process and providing ideas and queries to the project team
- Providing advice about how to effectively engage the broader Hepburn Shire community on these issues
- Sharing information about the project to the Hepburn Shire Community through various community channels and groups

This report outlines the process by which applications for community members were sought and the assessment process completed by council officers in finalising the proposed list of candidates to Council for its consideration.

## **KEY ISSUES**

### ***Expression of Interest***

An Expression of Interest process was conducted between 1 October to 10 October 2021 calling for applications from suitable community members for appointment to the Project Reference Group.

A total of sixteen (16) applications were received online through the Participate Hepburn platform for the six (6) positions allocated to community members. Of these, two (2) were not assessable as they were received after the closing date.

A further application was received from the Daylesford Community Theatre (DCT) for the position allocated to this group.

### ***Assessment Process***

Overall the level of interest was strong, and the quality of applications was high. All the applications were assessed by a panel of three council officers against the endorsed Terms of Reference using the following five (5) criteria.

*Criterion 1: Confirmation that applicant has read the Terms of Reference.*

Indicators:

- The applicant indicate they had read the Terms of Reference by ticking a box. A link was provided on the Participate Hepburn site for easy access.

*Criterion 2: Why does the applicant want to be a part of the Project Reference Group?*

Indicators:

The applicant provided a motivation that is consistent with the purpose of the Project Reference Group Terms of Reference

*Criterion 3: Provide examples of where they have worked collaboratively and positively with others to bring about a project for the benefit of their community or community group?*

Indicators:

- Relevant examples provided
- Examples of connection and involvement in community, particularly local context

*Criterion 4: The demographic attributes of each applicant*

Indicators:

- Ward
- Gender
- Age group
- Other markers

Other markers included identification as an Aboriginal or Torres Strait Islander, a person with a disability, LGBTIQ+, Parent or guardian of a child under 18 years, English not my first language or the like.

*Criterion 5: Read and understood Information Collection Statement*

Indicator:

- The applicant indicate they had read and understood the Information Collection statement provided

In addition, all applicants were asked to supply two referees as part of their application.

## Assessment Outcome

After considering all the applications carefully against the relevant indicators each one was scored by the panel to determine the ones that best met the criteria outlined above.

This process resulted in six (6) applications being identified as most suitable for consideration by Council for appointment. Unfortunately, the other eight (8) applications could not be progressed due to limited number of positions available.

The recommended applicants are listed below with a brief summary of the relevant experience they can contribute to the Project Reference Group.

Applicant	Summary of relevant experience and qualifications
Timothy Bach	<ul style="list-style-type: none"> <li>- One of the Editors of Wombat Post</li> <li>- Active volunteer of Daylesford Indoor Aquatic Centre, Lake Daylesford Swim Classic, foundation member Daylesford and District Community News publishing the Wombat post, committee member Great Dividing Trail association, and editor of GDTA newsletter and other booklets</li> </ul>
Mary-Faeth Chenery	<ul style="list-style-type: none"> <li>- Facilitation and peace-making skills to recognise and respect lots of differences and variety among community members</li> <li>- Wish to bring creative ideas to the engagement process, positive approaches</li> </ul>
Elizabeth Corbett	<ul style="list-style-type: none"> <li>- Actively involved in community as a Board member on Daylesford Macedon Tourism, volunteer at Vinnies, member of Friends of Cornish Hill, Horticultural Society and U3A</li> <li>- Career experience: social worker, senior executive, tertiary education, management consultant, non-executive director, and local government experience</li> <li>- Local projects – ‘Get the Job Done’, COVID-19 Business Response &amp; Recovery Taskforce</li> </ul>
Meyer Eidelson	<ul style="list-style-type: none"> <li>- Wide experience in NGOs and all levels of government</li> <li>- Worked on Nature Strip Committee for Local Laws</li> <li>- Current member of City of Port Phillip Cultural Heritage Committee, and President of a long-term history society</li> <li>- Worked in Aboriginal affairs, local government, multiculturalism, disability and homeless service provision</li> </ul>
Jacqueline Grenfell	<ul style="list-style-type: none"> <li>- Oversaw redevelopment of heritage facility for community including gallery, auditorium</li> </ul>

	<ul style="list-style-type: none"> <li>- Most interesting part of task was the engagement of community and understanding the community's diverse needs and expectation of the space</li> <li>- Wish to represent, inform and effectively engage with community</li> <li>- Career in arts, culture and heritage.</li> </ul>
Tom Shaw	<ul style="list-style-type: none"> <li>- Help inform a frustrated community, advocate for Council and help ensure updates are being successfully communicated through community</li> <li>- Born and raised in the Shire, well-connected including ChillOut, Cressfest, numerous sporting clubs, are and music events</li> </ul>
Gina Lyons	<ul style="list-style-type: none"> <li>- Nominated Daylesford Community Theatre representative</li> </ul>

The Terms of Reference also stated that the membership of the Project Reference Group would be diverse to bring several differing views and experiences to the Group. Diversity factors including ward, gender, age and other key markers. These aspects have also been considered in finalising the most suitable applications for Council's consideration.

The demographic makeup of the recommended applicants being as follows:

Ward	Gender	Age	Other key markers
Birch - 6	Female - 4	60-79 years - 5	LGBTIQA+ - 3
Cameron - 1	Male - 3	40-59 years - 1	
		15-39 years - 1	

### Next Steps

Subject to endorsement by Council, Council Officers shall contact both the selected and non-selected applicants advising them of Council's decision.

It is intended that the first meeting be coordinated for early December 2021.

### POLICY AND STATUTORY IMPLICATIONS

#### Council Plan 2021-2025

Embracing our past and planning for the future

3.3 Build and maintain quality infrastructure that supports and promotes liveability and active living in the community.

## **GOVERNANCE ISSUES**

The implications of this report have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities.

## **SUSTAINABILITY IMPLICATIONS**

There are no sustainability implications associated with this report.

## **FINANCIAL IMPLICATIONS**

There are no financial implications with this report.

## **RISK IMPLICATIONS**

There are no risk implications associated with this report.

## **COMMUNITY AND STAKEHOLDER ENGAGEMENT**

The application process for the Project Reference group for the Hepburn Hub at the Rex was scored in the 'Level of engagement matrix' as a 'Low' level of engagement.

A communications plan to advertise the opportunity was developed and implemented as follows:

- Facebook posts
- Councillor Bulletin Article
- Direct Councillor Communication
- Council's Website
- The Local

## **12 A DYNAMIC AND RESPONSIVE COUNCIL**

### **12.1 ANNUAL PLAN 2021/2022 - QUARTER 1 UPDATE - JULY - SEPTEMBER 2021 DIRECTOR ORGANISATIONAL SERVICES**

*In providing this advice to Council as the Director Organisational Services, I Andrew Burgess have no interests to disclose in this report.*

#### **ATTACHMENTS**

1. Annual Plan 2021/2022 - Quarter 1 update - July - September 2021 - Ordinary Meeting of Council - 23 N [12.1.1 - 19 pages]

#### **EXECUTIVE SUMMARY**

The attached report provides a list of the projects included in the Annual Plan 2021/2022 and a progress comment has been provided for each project by a responsible officer.

#### **OFFICER'S RECOMMENDATION**

*That Council:*

1. *Notes the Annual Plan 2021/2022 Quarter 1 updates; and*
2. *Notes that this report will be published on Council's website*

#### **MOTION**

*That Council:*

1. *Notes the Annual Plan 2021/2022 Quarter 1 updates; and*
2. *Notes that this report will be published on Council's website*

**Moved:** Cr Brian Hood

**Seconded:** Cr Jen Bray

**Carried**

#### **BACKGROUND**

The Annual Plan outlines the actions for 2021/2022 that will be implemented as priorities from the Council Plan 2017-2021 and Annual Budget 2021/2022. The Annual Plan was adopted by Council at its Ordinary Meeting on 20 July 2021.

The Annual Plan details to the organisation, Councillors and the community how Council will monitor progress towards actions in the Council Plan, and the quarterly progress report updates Councillors and the Community on the progress on the actions.

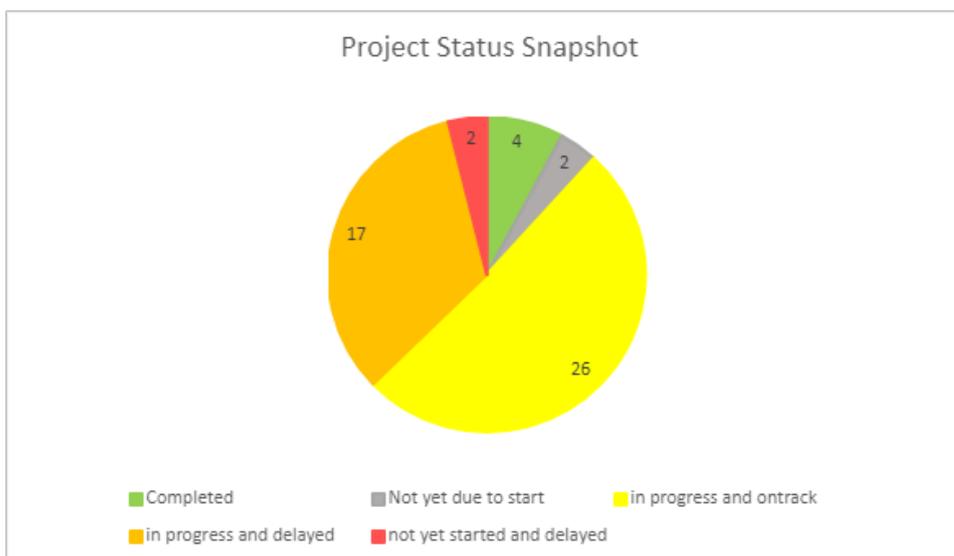
#### **KEY ISSUES**

The attached report provides a list of the projects included in the Annual Plan 2021/2022 and a progress comment has been provided for each project by a responsible officer, for the period ended 30 September 2021.

It should be noted that the Annual Plan does not include all projects to be undertaken during the year, and as it was adopted in July 2021 does not include a number of new actions and opportunities have been undertaken by Council, which were not included in the Plan.

Some projects have been delayed as a result of announcements of government funding, delays in project delivery or in recent months as a result of the impacts of the COVID-19 Pandemic. It should be noted that funding (if required) for these projects will be carried-forward and these projects will be delivered by Officers in this financial year.

The following graph provides a snapshot of the current status of projects as at 30 September 2021, including carry-forward projects. Significant progress has been made on many of the projects with a number of delayed projects due to completed in second half of 2021/2022.



**Snapshot Commentary:**

- 26 listed as ‘in progress and on track’ - this represents 50% of annual plan projects
- 4 complete
- 2 listed as ‘Not yet started and delayed’
  - These relate to delays with the purchase of Governance Software which will be identified as part of the implementation of the Risk Management Framework; and Business Taskforce resourcing issues.
- 2 projects listed as ‘Not yet due to start’

- 17 projects listed as 'in progress and delayed' a number of these projects are ongoing and have also been impacted by procurement stages.

## **POLICY AND STATUTORY IMPLICATIONS**

Council Plan 2021-2025

Embracing our past and planning for the future

3.3 Build and maintain quality infrastructure that supports and promotes liveability and active living in the community.

A dynamic and responsive Council

5.2 Actively communicate, inform and engage with our community about events and decision-making

## **GOVERNANCE ISSUES**

The implications of this report have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities.

## **SUSTAINABILITY IMPLICATIONS**

There are no sustainability implications associated with this report. Individual projects will consider sustainability implications where appropriate.

## **FINANCIAL IMPLICATIONS**

It is anticipated that all projects listed as 'in progress and delayed' will be completed in the second half of 2021/2022 Financial Year. A small number of projects are noted as 'ongoing'.

## **RISK IMPLICATIONS**

A review of 'in progress and delayed' or 'ongoing projects is being undertaken as part of finalising the end of year accounts. Project comments have been updated to confirm status as of 30 September 2021. A report will be provided to Council for consideration.

## **COMMUNITY AND STAKEHOLDER ENGAGEMENT**

Community Engagement in accordance with the adopted policy is considered on a project-by-project basis. The update will be placed on Council's website.

**Attachment\_12.1.1**





































## **12.2 FINANCIAL REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2021 DIRECTOR ORGANISATIONAL SERVICES**

*In providing this advice to the Council as the Senior Accountant, I Paul Brumby have no interests to disclose in this report.*

### **ATTACHMENTS**

1. Financial Report for the period ending 30 September 2021 [**12.2.1** - 22 pages]
2. Statement of Capital Works as at 30 September 2021 [**12.2.2** - 7 pages]
3. Operational Projects Report as at 30 September 2021 [**12.2.3** - 4 pages]

### **EXECUTIVE SUMMARY**

The purpose of this report combined with the attachments is to provide assurance that Council is prudently managing its financial affairs in an open and transparent way, in order to meet the requirements of the *Local Government Act 2020*.

The report and attachments form a package which gives a comprehensive picture of Council's financial performance and current financial state, in comparison to the revised budget (inclusive of carry forwards from 2020/2021) adopted by Council. It includes a summary of Council's financial performance and position for the 2021/2022 financial year up until 30 September 2021, and an update on each operational and capital project as at 30 September 2021.

### **OFFICER'S RECOMMENDATION**

*That Council notes:*

1. *The financial position and performance for the three months ending 30 September 2021;*
2. *The operating and capital works project reports effective 30 September 2021; and*
3. *That the project reports will be placed on Council's website.*

### **MOTION**

*That Council notes:*

1. *The financial position and performance for the three months ending 30 September 2021;*
2. *The operating and capital works project reports effective 30 September 2021; and*
3. *That the project reports will be placed on Council's website.*

**Moved:** Cr Brian Hood

**Seconded:** Cr Tessa Halliday  
**Carried**

## **BACKGROUND**

This report provides information on Council's financial performance for the period 1 July 2021 to 30 September 2021 and compares the Income Statement to the revised budget, which includes operating projects carried forward from 2020/2021 and the Balance Sheet and Statement of Cash Flows to last year.

The results in the first financial quarter have been impacted by the COVID-19 pandemic which has resulted in strict restrictions on our community and the operations of the Council itself. These impacts will continue to be felt and reflected in future reports during the 2021/2022 financial year.

## **KEY ISSUES**

The financial report and attachments provide a comprehensive overview of Council's financial performance and current financial state, for the first quarter of the 2021/2022 financial year up until 30 September 2021, and an update on the status and progress on each operational and capital project.

The main items to note at the end of the quarter:

- The operating surplus for the three months ended 30 September 2021 was \$15.96 million, which is \$190,000 (or 1.2%) favourable to the budget of \$15.77 million.
- Capital and operating project reports are now being compared to the adopted budget plus carry forwards.
- Year-to-date Capital works expenditure for the three months ended 30 September 2021 was \$838K or 3.6% of the \$23.31M adopted budget plus carry forwards.
- In addition to the actual expenditure of \$838K Council has committed capital expenditure of \$2.657M at 30 September.
- It is noted that conditions in the building construction sector are currently very tight, with Council recently receiving no tenders for two major projects, and one tender with two responses that were significantly over budget and with unusually long delivery timelines.
- Cash holdings at 30 September are \$3.93 million higher than the same time last year, and this is the result of increasing reserve balances, continued unspent capital and operating projects, and grants held to complete multi-year projects.
- Trade and other receivables at 30 September are \$1.64 million higher than the same time last year, and this is due to a combination of the annual rate

cap rate rise, the impacts of COVID and offering a support package of payment extensions on instalments.

- Council is committed to a mid-year review of the entire budget, and this will be undertaken in December 2021 / January 2022.
- As the Capital and Project reports are difficult to read in .pdf form, they will be provided as A3 hard copies at future face-to-face meetings.

Council officers will remain flexible and agile in the management of their forecasts while responding in the best interests of our community.

## **POLICY AND STATUTORY IMPLICATIONS**

Council Plan 2021 - 2025

High Performing Organisation

13. Deliver sustainable financial management, supported by effective long-term financial planning (10 Years), cost savings and efficient purchasing, and developing additional income streams beyond rates revenue.

## **GOVERNANCE ISSUES**

The implications of this report have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities.

## **SUSTAINABILITY IMPLICATIONS**

There are no sustainability implications associated with this report.

## **FINANCIAL IMPLICATIONS**

This report and associated attachments provide the opportunity for review of Council's financial position and forecasts.

## **RISK IMPLICATIONS**

There are no risk implications associated with this report.

## **COMMUNITY AND STAKEHOLDER ENGAGEMENT**

There are no community engagement implications associated with this report.

**Attachment\_12.2.1**











































**Attachment\_12.2.2**













**Attachment\_12.2.3**







### **12.3 RECOMMENDATIONS FROM THE AUDIT AND RISK COMMITTEE MEETING HELD ON 16 SEPTEMBER 2021 DIRECTOR ORGANISATIONAL SERVICES**

*In providing this advice to Council as the Manager People and Governance, I Krysten Forte have no interests to disclose in this report.*

#### **ATTACHMENTS**

- 1. Draft Public Minutes - Audit and Risk Committee - 16 September 2021 [**12.3.1** - 35 pages]

#### **EXECUTIVE SUMMARY**

The purpose of this report is for Councillors to consider advice from the Audit and Risk Committee meeting that was held on 16 September 2021.

The Audit and Risk Committee was established by Council resolution on 28 August 2020 in line with section 53 of the *Local Government Act 2020*.

#### **OFFICER'S RECOMMENDATION**

*That Council:*

1. *Receives the draft minutes of the Audit and Risk Committee Meeting that was held on the 16 September 2021;*
2. *Notes the recommendations and resolutions of the Audit and Risk Committee that were moved at the meeting on 16 September 2021 that are detailed in the body of this Council report: and*
3. *Notes that the next meeting of the Audit and Risk Committee is scheduled for Monday 13 December 2021.*

#### **MOTION**

*That Council:*

1. *Receives the draft minutes of the Audit and Risk Committee Meeting that was held on the 16 September 2021;*
2. *Notes the recommendations and resolutions of the Audit and Risk Committee that were moved at the meeting on 16 September 2021 that are detailed in the body of this Council report: and*
3. *Notes that the next meeting of the Audit and Risk Committee is scheduled for Monday 13 December 2021.*

**Moved:** Cr Brian Hood

**Seconded:** Cr Don Henderson  
**Carried**

## **BACKGROUND**

The purpose of the Audit and Risk Committee is to oversee and monitor the effectiveness of Council in carrying out its responsibilities for accountable financial management and risk, good corporate governance, provide experience in public sector management, and the maintenance of systems of internal control, and the fostering of an ethical environment.

The Audit and Risk Committee is not a delegated committee and cannot exercise statutory functions and powers of the Council under delegation, and essentially acts as an advisory body on behalf of Council.

The Audit and Risk Committee is governed by section 53 of the *Local Government Act 2020*, and operate in line with the Hepburn Shire Council Audit and Risk Committee Charter and develop a workplan to align with their obligations.

The Audit and Risk Committee meetings are closed to the public.

Officers prepare a public set of meeting minutes to be presented to the next practicable Ordinary Council Meeting that presents the recommendations of the Audit and Risk Committee for adoption. As such this report provides the Council with the recommendations from the Audit and Risk Committee meeting held on 16 September 2021 in preparation for its presentation at the Council meeting for November 2021.

Council is committed to the principles of transparency and accountability and provide a public set of meeting minutes of the Audit and Risk Committee that are available on Council's website for the current and previous financial year which can be found via the website link

<https://www.hepburn.vic.gov.au/our-council/about-council/arc/>.

Under Section 54 of the Local Government Act 2020, the Audit and Risk Committee must—

- (a) undertake an annual assessment of its performance against the Audit and Risk Committee Charter; and
- (b) provide a copy of the annual assessment to the Chief Executive Officer for tabling at the next Council meeting.

In line with the legislation, the Annual Assessment is provided to Councillors as an attachment to this report.

## **KEY ISSUES**

The Audit and Risk Committee held its quarterly meeting on 16 September 2021.

The Committee passed a number of resolutions for consideration by the Council.

The resolutions and recommendations to Council are as follows:

***Item 4 - Confirmation of Minutes***

*That the Minutes of the meeting of the Audit and Risk Committee held on 28 June 2021 be confirmed.*

***Item 8 – Matters arising from the previous meeting***

*That the Audit and Risk Committee receives and notes the update on matters arising from previous meetings.*

***Item 9.2 - Update from Councillors***

*That the Audit and Risk Committee receives and notes the update from the Mayor.*

***Item 9.3 - Update from the Chief Executive Officer***

*That the Audit and Risk Committee receives and notes the update from the Chief Executive Officer.*

***Item 10.1 Internal audit***

*That the Audit and Risk Committee notes the verbal update on the reports to be presented at the November meeting.*

***Item 11.1 External Audit Update***

*That the Audit and Risk Committee accepts and notes the verbal update from management.*

***Item 11.2 External Audit Update – Closing Report and Management Letter***

*That the Audit and Risk Committee notes the Closing Report and final Management Letter received from the Victorian Auditor General's Office.*

***12.1 Financial Reporting – Annual Financial Report and Performance Statement 2020/2021***

*That the Audit and Risk Committee:*

- 1. receives and notes the financial statements and performance statement for the year ended 30 June 2021 and recommends the adoption of the performance statements and financial report to Council for adoption;*
- 2. notes that Mayor Lesley Hewitt and Deputy Mayor Brian Hood will certify the 2020/2021 annual financial report and performance statement in their final forms after any changes recommended, or agreed to, by the auditors have been made; and*
- 3. notes that once the final statements have been certified by the nominated Councillors and the independent auditor's report received from VAGO,*

*they will form part of Council's annual report which will be forwarded to the Minister by 30 September 2021.*

## **12.2 Management Project Reports 2020/2021 - Incorporating Proposed**

### **Carry Forwards**

*That the Audit and Risk Committee:*

- 1. notes the Capital Works and Operational Project report as at 30 June 2021, and note this will be placed on Council's website; and*
- 2. notes the proposed capital works, non-recurrent operational projects and operational projects totaling \$11,246,212 net as listed in the report's attachment and scheduled in the 2020/2021 financial year, as carry-forward projects to be delivered in 2021/2022.*

## **12.3 Annual Plan 2020/2021 Quarter 4 Update – April – June 2021**

*That the Audit and Risk Committee receives and notes the Annual Plan 2020/2021 update for Quarter 4.*

## **12.4 Annual Plan 2021/2022**

*That the Audit and Risk Committee receives and notes the Annual Plan 2021/2022*

## **13.1 Risk Management Framework Review**

*That the Audit and Risk Committee receives and notes the update relating to the implementation of the Risk Management Implementation Road Map and progress made towards the development of a Risk Management Framework (RMF) and risk culture within and across Council and that the Risk Management Framework and Risk Appetite statements be presented to the next Audit and Risk Committee meeting of 2021.*

## **13.2 Risk Management Update – Review of Risk Event Summary Report**

*That the Audit and Risk Advisory Committee receives and notes the Risk Management Update - Review of Risk Event Summary Report.*

## **13.3 Update on the Local Government Act 2020 Implementation**

*That the Audit and Risk Committee receives and notes the written and detailed verbal update provided relating to the implementation of the Local Government Act 2020 and that a verbal update was provided to advise that Council are on track as per the timetable to comply with the Local Government Victoria timeframes.*

## **14.1 Project Updates – Creswick Trails Project Stage One**

*That the Audit and Risk Committee receives and notes this report on the Creswick Trails Project Stage One*

## **14.2 Hepburn Hub at the Rex Project Update**

*That Audit and Risk Committee:*

- 1. Receives and notes the September 2021 quarter project report regarding the Hepburn Hub at the Rex Project;*
- 2. Notes a new procurement process has now been commenced; and*
- 3. Notes monthly reporting to Council and the community will continue.*

## **14.3 Trentham Community Hub**

*That the Audit and Risk Committee receives and notes the progress report on the progress of the Trentham Community Hub project.*

## **15.1 Review of Policy 54 (O) Corporate Credit Card Policy**

*That the Audit and Risk Committee considers the revised Corporate Credit Card Policy and makes any comments to the Chief Executive Officer that the committee considers appropriate to make.*

## **15.2 Review of Policy 45 (C) Fraud Prevention Policy**

*That the Audit and Risk Committee:*

- 1. Receives and notes the Draft Fraud Prevention Policy 2021;*
- 2. Notes that the Draft Fraud Prevention Policy 2021 will be put to the September Ordinary Meeting of Council for consideration.*

## **16.1 Legislative Compliance - Significant or upcoming changes to Legislative Obligations**

*That the Audit and Risk Committee receives and notes the verbal update provided on significant or upcoming legislative changes and requirements.*

## **16.2 Audit and Risk Committee Workplan**

*That the Audit and Risk Committee notes the Workplan as attached and continually assesses reports and discussion items that are presented to the Committee from management in line with the Audit and Risk Committee Charter and Workplan and ensure compliance to both.*

## **16.3 Audit and Risk Committee Compliance Matters**

*That the Audit and Risk Committee:*

- 1. Notes the reminder that all independent committee members of the Hepburn Shire Council are required to complete the bi-annual personal interest returns by 30 September 2021 as circulated via email to ARC members 1 September 2021.*
- 2. Notes the bi-annual audit and risk report as attached that details the activities of the ARC from January 2021 - June 2021 and provide a copy of the risk report to the CEO for tabling at the next practicable Council meeting.*

## **POLICY AND STATUTORY IMPLICATIONS**

Council Plan 2021-2025

A dynamic and responsive Council

5.3 A sustainable and agile organisation with strong corporate governance that supports excellent operations

## **GOVERNANCE ISSUES**

The implications of this report have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities.

## **SUSTAINABILITY IMPLICATIONS**

There are no sustainability implications associated with this report.

## **FINANCIAL IMPLICATIONS**

There are no financial implications associated with this report.

## **RISK IMPLICATIONS**

There are no major risk implications associated with this report.

The Audit and Risk Committee were duly briefed on all reports and a robust discussion was had on all items before they carried motions for each as detailed in the body of this report. Should Council disagree with any recommendations that the Audit and Risk Committee present for its consideration, then Council will need to, via a resolution of Council and in line with Council's good governance framework, state which motions Council do not accept.

If officers do not present this report to Council at the next practicable Council meeting for consideration then there will be a breach of the Audit and Risk Committee Charter.

## **COMMUNITY AND STAKEHOLDER ENGAGEMENT**

There are no community or stakeholder engagement implications associated with this report. The Audit and Risk Committee, representatives from both VAGO and HLB Mann Judd (Council's external and internal auditors respectively) have been engaged and consulted on reports that relate to their function and duty to council. All members of the Audit and Risk Committee were presented with agenda papers and full reports, and were all present at the Audit and Risk Committee Meeting that was held on 16 September 2021.

**Attachment\_12.3.1**





































































## 13 CONFIDENTIAL ITEMS

### 13.1 CLOSURE OF MEETING TO MEMBERS OF THE PUBLIC

Pursuant to section 66(1) of the *Local Government Act 2020* (the Act) Council or delegated committee must keep a meeting open to the public unless the Council or delegated committee considers it necessary to close the meeting to the public because a circumstance specified in subsection (2) applies.

The circumstances detailed in section 66(2) of the Act are:

- a) the meeting is to consider confidential information; or
- b) security reasons; or
- c) it is necessary to do so to enable the meeting to proceed in an orderly manner.

#### RECOMMENDATION

*That in accordance with sections 66(1) and 66(2)(a) of the Local Government Act 2020, the meeting to be closed to members of the public for the consideration of the following confidential items:*

#### 2.1 *Community Services Update*

*This agenda item is confidential information for the purposes of section 3(1) of the Local Government 2020:*

- *Council business information, being information that would prejudice the Council's position in commercial negotiations if prematurely released; this applies to Commonwealth probity requirements should an EOI process be undertaken*
- *legal privileged information, being information to which legal professional privilege or client legal privilege applies; this applies to clients who receive the current aged or disability services provided by Council*
- *private commercial information, being information provided by a business, commercial or financial undertaking that— (i) relates to trade secrets; or (ii) if released, would unreasonably expose the business, commercial or financial undertaking to disadvantage.*

#### 2.2 *Renewal of Lease for Daylesford Community Child Care Centre*

*This agenda item is confidential information for the purposes of section 3(1) of the Local Government 2020:*

- *As it is Council business information, being information that would prejudice the Council's position in commercial negotiations if prematurely released (s.3(1)(a)); and*

- *This ground applies because the agenda item concerns the progress of negotiation of on-going contracts and provides details of the market rental value of these properties.*

## **MOTION**

*That in accordance with sections 66(1) and 66(2)(a) of the Local Government Act 2020, the meeting to be closed to members of the public for the consideration of the following confidential items:*

### *1. Community Services Update*

*This agenda item is confidential information for the purposes of section 3(1) of the Local Government 2020:*

- *Council business information, being information that would prejudice the Council's position in commercial negotiations if prematurely released; this applies to Commonwealth probity requirements should an EOI process be undertaken*
- *legal privileged information, being information to which legal professional privilege or client legal privilege applies; this applies to clients who receive the current aged or disability services provided by Council*
- *private commercial information, being information provided by a business, commercial or financial undertaking that— (i) relates to trade secrets; or (ii) if released, would unreasonably expose the business, commercial or financial undertaking to disadvantage.*

### *2. Renewal of Lease for Daylesford Community Child Care Centre*

*This agenda item is confidential information for the purposes of section 3(1) of the Local Government 2020:*

- *As it is Council business information, being information that would prejudice the Council's position in commercial negotiations if prematurely released (s.3(1)(a)); and*
- *This ground applies because the agenda item concerns the progress of negotiation of on-going contracts and provides details of the market rental value of these properties.*

**Moved:** Cr Juliet Simpson

**Seconded:** Cr Tessa Halliday

**Carried**

Meeting closed to the public at 8.32pm for the hearing of the confidential items and did not reopen to the public.

The Confidential meeting opened at 8.40pm

The Council Determined to release the information to the public on item 2.1 and 2.2 as detailed below.

## **2.1 COMMUNITY SERVICES UPDATE**

### **DIRECTOR COMMUNITY AND DEVELOPMENT**

*In providing this advice to Council as the Director Community & Development, I Leigh McCallum have no interests to disclose in this report.*

#### **EXECUTIVE SUMMARY**

[REDACTED]

Hepburn Shire Council has been a long-term provider of aged and disability services for its community.

Significant Commonwealth reforms have been implemented in the past decade and have resulted in major changes to service delivery requirements which will require careful consideration for Council to continue with future service requirements as the *Commonwealth Home Support Program* transitions to the new *Support at Home Program* after 30 June 2023.

The current contract with the Commonwealth finishes in June 2022 and Victorian Councils have been given an option to extend contracts to June 2023, however the contract extension requires significant change to current service delivery arrangements.

In taking this decision Council understands it has responsibilities to clients and families, staff and the broader community to manage the transition effectively and to anticipate and mitigate risk.

This first decision is taken on an in-principle basis to enable direct engagement with clients, families, staff, and unions. It will also allow Council to conduct an expression of interest process on a confidential basis to identify a potential values-aligned future provider for recommendation to the Commonwealth.

Council will receive a further report in February or March 2022 at which it will amend or confirm its decision and make a recommendation to the Commonwealth

### **OFFICER'S RECOMMENDATION**

*That Council:*

*Advise the Commonwealth and Victorian governments of Council's in-principle decision to:*

- a. Withdraw from its agreement to deliver most CHSP services and all Victorian HACCPYP services as from 30 June 2022 (or date to be nominated by the Commonwealth and State); and*
  - b. Seek Commonwealth permission to continue to receive Sector Support & Development and Senior Citizens funding.*
- 30. Notes that since 2011 the Commonwealth has progressed implementation of a consistent and integrated national aged care service system based on increased consumer choice and control and competition between providers to drive quality improvements and service efficiencies with a final transition date of 1 July 2023.*
- 31. Determines on an in-principle basis that it will transition out of direct service delivery roles in the following programs:*
- a. Commonwealth Home Support Programme*
    - i. Domestic Assistance*
    - ii. Personal Care*
    - iii. Flexible Respite*
    - iv. Social Support – Individual*
    - v. Home Maintenance and Modifications*
    - vi. Social Support – Group*
    - vii. Centre-based Respite Care*
    - viii. Food Services*



41. Approves that a non-confidential version of this report and resolution be publicly released following adoption to ensure transparency to Council's decision process.

42. Approves immediate notification of its in-principle decision to:

- a. Clients and families
- b. Staff and union representatives
- c. Commonwealth and State Government
- c. Media and other communications
- d. Broader community

43. Receive a further report in February / March 2022 to confirm this decision and the details of transition including timing of transition, the process for appointment of new provider(s), safety-net provisions, transition arrangements for clients, client information, transition support for staff, implications for Council assets and facilities and communications to the broader community.

Further information on managing the communications in a transparent manner to the community, key stakeholders and staff whilst protecting the confidentiality and sensitivity of the information is detailed under 'Community and Stakeholder engagement' in the body of this report.

## **MOTION**

*That Council:*

1. *Advise the Commonwealth and Victorian governments of Council's in-principle decision to:
  - a. *Withdraw from its agreement to deliver most CHSP services and all Victorian HACCPYP services as from 30 June 2022 (or date to be nominated by the Commonwealth and State); and*
  - b. *Seek Commonwealth permission to continue to receive Sector Support & Development and Senior Citizens funding.**
2. *Notes that since 2011 the Commonwealth has progressed implementation of a consistent and integrated national aged care service system based on increased consumer choice and control and competition between providers to drive quality improvements and service efficiencies with a final transition date of 1 July 2023.*
3. *Determines on an in-principle basis that it will transition out of direct service delivery roles in the following programs:
  - a. *Commonwealth Home Support Programme*
    - i. *Domestic Assistance*
    - ii. *Personal Care*
    - iii. *Flexible Respite*
    - iv. *Social Support – Individual*
    - v. *Home Maintenance and Modifications*
    - vi. *Social Support – Group*
    - vii. *Centre-based Respite Care*
    - viii. *Food Services*
  - b. *HACC-PYP*
    - i. *All funded activities**
4. *Seeks Commonwealth permission to continue to operate the following program under its agreement:
  - a. *Commonwealth Home Support Programme*
    - ii. *Sector Support & Development*
    - iii. *Senior Citizens Groups**
5. *Commits to working with the Commonwealth and Victorian Governments to negotiate timing and transition processes that will protect the interests of clients, their families, much valued staff, and the broader community.*
6. *Notes that under its service agreements all processes and matters related to the transition process (i.e., names of future providers) will remain confidential until*

*the Commonwealth and Victorian governments provide consent for release of information.*

- 7. Affirms that in taking this decision it will continue to play an active role in ensuring its community will receive high-quality aged care services and will advocate for the needs of vulnerable members of the community.*
- 8. Commits to the values and principles outlined in Appendix A of the report to underpin and support decision making through the transition process.*
- 9. Notes that Council intends to be involved in the selection of a new Commonwealth Home Support Program provider and will make recommendations to the Commonwealth for their consideration during the appointment process.*
- 10. Notes that Council's policy objective of ensuring that older adults seeking to live independently in the community will be provided with quality home support services will not be compromised by this decision. Support services will continue to be provided and Council will be able to reinvest its current ratepayer subsidy into alternative strategic priorities.*
- 11. Provides delegated authority to the Chief Executive Officer, or their nominee, to undertake of commission all tasks and activities related to the implementation of this council decision.*
- 12. Appoints the Mayor and CEO as spokespersons for all matters related to the Home Support Transition process.*
- 13. Approves that a non-confidential version of this report and resolution be publicly released following adoption to ensure transparency to Council's decision process.*
- 14. Approves immediate notification of its in-principle decision to:*
  - a. Clients and families*
  - b. Staff and union representatives*
  - c. Commonwealth and State Government*
  - c. Media and other communications*
  - d. Broader community*
- 15. Receive a further report in February / March 2022 to confirm this decision and the details of transition including timing of transition, the process for appointment of new provider(s), safety-net provisions, transition arrangements for clients, client information, transition support for staff, implications for Council assets and facilities and communications to the broader community.*

**Moved:** Cr Lesley Hewitt

**Seconded:** Cr Brian Hood

**Carried**

#### **Division**

**For:** Cr Lesley Hewitt, Cr Juliet Simpson, Cr Jen Bray, Cr Tessa Halliday, Cr Brian Hood, Cr Tim Drylie

**Against:** Cr Don Henderson

#### **BACKGROUND**

Hepburn Shire Council (the Council) is an important provider of home and community care services to assist older people and those recovering from acute care to continue to live independently in the community. Through the previous Home and Community Care (HACC) program this was an important part of the core mission for Victorian local government for over 30 years. The HACC program was initiated in the early 1980s and most Victorian local governments invested in the development of a highly coordinated and integrated suite of services across assessment, domestic assistance, personal care, respite care, home maintenance, delivered meals, senior citizens centres and social support. This highly integrated system was peculiar to Victoria and was not replicated in other states.

The investment and organisational commitment to provision of services has over time become emblematic of the supportive relationship between local government and its community. Investment in HACC services was a means of expressing a strong commitment to many vulnerable members of the community: this included older people, people with a disability or mental illness and people at risk of homelessness.

#### The national aged care reforms

Australia's integrated national aged care program has been undergoing significant reforms over the past 10 years following Commonwealth agreement to take full responsibility for aged care in August 2011 and establishment of the National Disability Insurance Scheme at around the same time.

The key drivers for the aged care reforms included:

- the number of people in Australia requiring aged care (in some form) would increase by 350% between 2011 and 2050
- significant system weaknesses (difficult navigation, limited services, variable quality, and no consumer choice) and inefficiencies (duplication of effort, no competition, and high-cost structures) that needed to be eradicated, and
- real concern that the cost of providing adequate care for older people in future would be unaffordable as a nation.

Attributes of the current aged care model include:

- CHSP – 'entry level' basic home support and community-based services – domestic assistance, personal care, shopping etc – this program provides services to 839,400 older Australians nationally

- Home Care – four levels of ‘packaged care’ funded from basic to high care to maintain independence – services were provided to 175,000 older Australians
- Residential Care – funded residential aged care (respite and permanent) – 310,000 older Australians nationally

In 2019/20 the total Commonwealth aged care budget in 2020/21 was \$21.5 billion or \$5,063 per older person; this comprised Residential Care \$13.64 billion and Home Care and Home Support \$6.7 billion.

Design principles for the aged care reforms have remained very consistent since initiation, these include:

- **Consumer Choice and Control** – funding is provided directly to the clients based on assessed need to support choice and control – the client purchases services from a range of providers. This has a strong human rights and philosophical basis but introduces competition and signals the end of ‘block funding’ certainty for providers in most circumstances.
- **A Simplified Gateway** – My Aged Care is the single point of entry for all Australians to access aged care services – the 2017 Legislated Review of Aged Care has recommended merging of the RAS (Home Support) and Aged Care Assessment Teams (ACAT) (Residential Aged Care) into a streamlined national assessment service.
- **Demand Driven System** – the current ‘block funded’ and supply driven system will progressively move to a ‘demand driven’ funding system to ensure consistent services are delivered to where they are needed rather than what areas funding is allocated.
- **Competition Policy** – there is a renewed national focus on competition policy to drive economic growth, productivity, and efficiency in service delivery. It is more likely than not that future program design will be based on market and competition principles meaning that local government will face direct market exposure and ratepayer subsidy will be in effect prohibited.
- **Monopoly Market** – the current protected market arrangements are being completely dismantled to facilitate open competition and improved efficiency. Local government is not equipped to effectively operate under market conditions. (Block funding may be retained for some niche programs and regional and remote areas, but most of the program will likely be on a ‘most efficient’ multiple provider basis.)
- **Market Efficiencies** – the Commonwealth is seeking to reduce transaction costs by having fewer contracts with larger organisations who can operate across large geographic areas – it is unclear whether there will be direct contracts between the Commonwealth and individual local governments after June 2023.

- **Client Contribution** – the Commonwealth expects that all Australians will make a consistent contribution to care depending on their capacity and capability.

#### Recent reform decisions

The May 2021 Federal Budget announced a significant response to the Aged Care Royal Commission in its May budget, this included:

- \$6.5 billion for 80,000 additional aged care packages
- \$3.9 billion for improved front line residential care
- \$630 million improved access for vulnerable Australians
- \$365 million for better transition to residential care
- \$230 million to strengthen aged care quality and compliance
- \$49.4 million for aged care training
- \$21 million for improved sector governance
- \$13.4 million to Primary Health Networks to drive better coordination

The budget included an announcement of an extension of the CHSP program to 30 June 2023 to enable the design and roll-out of the new ‘Support at Home’ program. The original reform timing was for completion by 30 June 2018, and this has been subject of four extensions: one to 2019, then to 2020, again to 2022 and now to 2023.

The ‘Support at Home’ program will be a new integrated program commencing 1 July 2023 that combines CHSP, Home Care Packages, Residential Respite and Short-term Restorative Care. This integrated model will most likely be client-directed, offer a range of providers (i.e., a market-based model) and require that providers offer a suite of services across in-home, personal, nursing, and allied health.

The Regional Assessment Service that undertakes intake and assessment for the CHSP and HACCPYP programs was on a pathway to a national streamlined model by 1 July 2020. This initial plan was delayed pending the outcomes of the Aged Care Royal Commission and the Commonwealth announced in May 2021 that it will initiate a unified assessment model in 2022, and this new program will have responsibility for the new ‘support at home’ program from July 2023.

The Aged Care Royal Commission and broader aged care reforms have a critical focus on quality and compliance frameworks. This is already reflected in the rigorous requirements of the Aged Care Quality Standards which have applied since 1 July 2019 bringing an increased focus on training of staff, compliance, and outcomes for clients. Enhancing quality and safety is a major focus of the final Royal Commission Report and the Commonwealth has confirmed that there will be an increased emphasis on compliance and reporting for all providers

The Commonwealth has stated that the 2022/23 extension period for CHSP will be based on “payment in arrears”. CHSP providers will invoice at the end of each month for actual services delivered rather than Council being paid in advance each quarter with any unspent funds being recouped through the end of year acquittal or subsequent audit. The Commonwealth has identified four benefits of this approach:

- Alignment with future reforms – the Support at Home program will support availability of services through funding following the individual client in most

cases, payment in arrears facilitates this process and ensures a consistent consumer experience across all levels of care

- Better consumer choice – payment in arrears encourages a more direct relationship between services that are available and what consumers want. It also ensures access to services in a timely manner.
- Accountability – paying for services that have been delivered is a more accurate and accountable use of government funds.
- Reducing unspent funds – payment in arrears reduces unspent funds and allows reallocation of funding to where it is most needed as quickly as possible.

#### Hepburn Shire service profile

Hepburn Shire Council is considered a small provider of home and community care services. The largest Victorian local government providers deliver over 120,000 hours of in-home services per annum compared with Hepburn's 11,000, this compares with some large not-for-profit providers which can deliver 2 to 3 million hours of service per annum across CHSP and Home Care.

Council services are funded under two main programs:

- CHSP is a national program aimed maintaining independent living for people over 65 (or 55 for Aboriginal & Torres Strait Islander people) funded by the Commonwealth, and
- HACCPYP is a state-based program that provides services for people under the age of 65 with a disability or chronic illness.

Services are funded from three main sources:

- Unit price – under block funding the government pays Hepburn Shire a unit price for services delivered under each program
- Client contribution – the client or carer pays a fee for service depending on their means
- Ratepayer – the cost of delivery is subsidised by income from rates

<b>Program (2020/2021)</b>	<b>Funded Hours</b>	<b>Annual Grant Income</b>
CHSP Domestic Assistance	8,712	\$438,028
CSHP Personal Care	1,972	\$116,602
CHSP Flexible Respite	900	\$55,950
CHSP Social Support – Group	8,760	\$163,723
CHSP Social Support – Individual	1,142	\$57,431
CHSP Other Food Services	246	\$17,512
CHSP Home Maintenance	320	\$16,711
CHSP Home Modifications	\$16,711	\$16,711

Program (2020/2021)	Funded Hours	Annual Grant Income
CHSP Centre Base Respite	250	\$12,568

*Table 1: CHSP Services - Hours and Grant Income*

Program (2020/2021)	Funded Hours	Annual Grant Income
HACCPYP Home Care	1,378	\$67,963
HACCPYP Personal Care	307	\$15,141
HACCPYP Property Maintenance	158	\$8,080

*Table 2: HACC-PYP - Hours and Grant Income*

#### Key issues

##### Support at Home Program

Hepburn Shire Council has accepted that it will not be able to play a meaningful role as a provider of services under the future 'Support at Home' program and that it is in the broader public interest that it transitions out of direct service delivery to focus on broader policy areas such as positive ageing, health and wellbeing and adaptation of universal services to better meet the needs of older citizens.

Participation in Support at Home will require Council to extend its suite of programs well beyond current entry level services into home care packages, allied health, nursing, and more complex personal care. This extension will require higher standards and clinical governance further adding to costs and complexity.

##### Mandate to operate

Council's current mandate was established over 30 years ago and has been as a 'block-funded' service provider for the majority of CHSP program hours and units for the municipality. Block-funding provided certainty and security for Council in how services could be planned and delivered.

A future mandate under the Support at Home program will most likely be on the following criteria:

- Area – preference will be given to providers operating across one or more Aged Care Planning Regions or even state-wide or national basis.
- Consumer directed funding – most funding will be directed to the consumer, and they will have choice and control over which provider they will select. This automatically places Council under market or competition arrangements and severely reduces certainty.
- Payment in arrears – payment will be based on delivered units and paid following submission of monthly invoices. Council will need new business systems and sufficient cashflow to sustain operations.

- Expanded service suite – there will be an expectation to single providers will span entry-level to complex care requirements, this will invoke increased quality, compliance, and clinical governance requirements.

### Workforce

Most local government providers have experienced significant competition for qualified direct care workers in recent years, and this has been exacerbated in Hepburn Shire by housing affordability and other barriers including Covid-19 to the local employment of key workers.

The chronic shortage of qualified workers has meant that Council has not been able to meet service delivery targets which means that Commonwealth policy objectives have not been met.

### Cost of Services

In the context of what the Commonwealth is seeking to deliver, Victorian councils are a relatively inefficient and expensive provider of services. Unit costing analysis conducted on over 30 councils found that the delivery of all in-home services requires a ratepayer subsidy of between \$15.00 and \$25.00 per hour to deliver. Unit costing for Hepburn Shire undertaken in October 2021 based on 2020/21 budget data provided a direct unit cost of \$48.93, when local overheads were included the unit cost increased to \$102.16 per hour of service delivered. The estimated unit cost including reasonable corporate overheads increases to \$109.99 which represents a ~\$50 per hour ratepayer subsidy for each hour delivered. The unit cost exercise estimates that a ratepayer subsidy of approximately \$580,000 was required to support CHSP and HACCPYP services in the 2020/21 financial year. From a public interest perspective, if Council was not the provider, the Commonwealth will be responsible and accountable for the delivery of services and the ratepayer subsidy could be redirected to alternative priority areas.

Other financial implications of this decision include:

- the Commonwealth is facing an incredibly significant increase in demand for services (> 350%) and must find the most efficient means of delivering a universal service platform for all Australians, no matter where they live,
- the Commonwealth believes services can be delivered for a cost equal to the funding provided plus the fee paid by the client with no other subsidy,
- all levels of government should be seeking to achieve the most efficient means of delivering outcomes for the community. Market sounding completed by Mach2 Consulting indicates that there are regional and national aged care providers who would be able to deliver CHSP and HACC PYP services,
- Victorian ratepayers are currently subsidising a service that is the responsibility of another level of government (essentially voluntary cost-shifting) – the Commonwealth has taken full responsibility and does not require local government support or subsidy to deliver services, and
- National Competition Policy states that any level of government should not subsidise services where there is a reasonable alternative.

## Policy and Statutory Implications

### Commonwealth policy

The Commonwealth took full policy, funding, and commissioning responsibility for an integrated aged care program in August 2011 and has proceeded to implement a range of reforms based on very consistent design principles. The Commonwealth is seeking to design and deliver a nationally consistent consumer centred, integrated, and flexible aged care system that meets the needs of all older Australians.

### National Competition Policy

A constraint on Council decision making is the application of National Competition Policy to local government in Victoria. The Commonwealth is more than likely to apply market principles to a future Home Support service model and that National Competition Policy and Competitive Neutrality Principles would therefore apply to local government operations.

Competitive Neutrality Principles apply to the significant business activities of Councils and not to non-business or non-profit activities. The concept of 'significance' is defined on a case-by-case basis looking at the importance of competition in a specific market.

Given the Commonwealth is more than moving to a market-based model for delivery of future services, it is reasonable to assume that there will be a high degree of focus on ensuring the market is not distorted or disrupted by government subsidised activity.

There is a mandated 'public interest test' that must be undertaken if Council wishes to continue to provide services that are subsidised in competition with other 'not-for-profit' and 'for-profit' providers. The author cannot see that there is a viable public interest in Council continuing to be a provider in competition with more efficient and more effective non-government providers.

### Positive Ageing

Council has undertaken work on its Positive Ageing Policy in recent years to provide a deeper understanding of how Council can support older citizens into the future. Council has previously resolved to fund an Inclusion Officer and funding has been directed towards a Positive Ageing Officer to resource and support additional work in this policy area.

Adaptation of universal programs to meet the needs of older citizens is a priority area for all Councils to consider.

### Industrial obligations

Council has significant industrial obligations to staff to ensure notification of change and engagement in significant decisions that impact the workplace.

The changes anticipated by this in-principle decision will trigger these obligations and therefore Council must be clear on its position around engagement of staff and notification of unions.

A final decision to exit the program will trigger redundancy provisions of the Enterprise Agreement, exploration of redeployment opportunities and payment of retrenchment packages for affected staff.

[REDACTED]

An industrial risk that Council must be aware of is transfer of business, this is where a Council seeks to transfer its funding agreement directly to another local provider through a sub-contracting or partnership arrangement. A transfer of business occurs where work, operations, employees, and assets transfer from one entity to another. The implications include that some, or all the employment conditions (wage rates, enterprise agreement, flexibility arrangements etc) of the original employer can, in some circumstances transfer to the new employer.

For a “transfer of business” to occur it relies on whether a range of requirements are satisfied, these include:

- employees transfer between the two entities within a 3-month period,
- employees are terminated by the old employer,
- the work is the same or substantially the same as with the old employer, and
- there is an association between the old employer and the new employer.

Should this option be sought, Council will need to seek legal advice based on current circumstances but the risk of a transfer of business is considered much higher in a sub-contracting arrangement as compared with an arrangement where a service agreement is terminated, employees paid retrenchment benefits and funding returned to the Commonwealth.

#### Draft Council Plan 2021-2025

1. A resilient and sustainable environment

*There are no significant environmental implications arising from this report.*

2. A healthy, supported, and empowered community

*Council’s transition from being a provider of home support services will potentially strengthen its capacity to invest in positive ageing and health and wellbeing initiatives for older citizens.*

*A future focus will need to be on adaptation of universal services (recreation, leisure, libraries, open space etc) to meet the needs of older citizens and people with a disability.*

*Council will take a strengths-based approach to managing transitions and seek to empower clients, families, and staff in their engagement with the implementation of the decision.*

3. Embracing our past and planning for the future

*Under the former HACC program Council had a strong history in delivery of integrated services to its community.*

*Government reforms, creation of the NDIS and future Support at Home program have challenged this role and Council must now plan for its future policy objectives and potential role.*

4. Diverse economy and opportunity

*It is in the interests of the Commonwealth to have a diverse range of home support and aged care providers servicing regional needs. Future providers will deliver across aged care planning regions (8 to 10 LGAs) and deliver services to meet entry-level to complex care needs.*

5. A dynamic and responsive Council

*The Local Government Act 2020 includes service performance principles that mandate that Council services must be responsive to changing needs and emerging trends. This decision is reflective of the radically changed policy environment, anticipates the future design of the Support at Home, and outlines a course of action that will be in the best interests of the community.*

**GOVERNANCE ISSUES**

Human Rights

The implications of this report have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities.

Probity and confidentiality

The expression of interest process that is recommended must meet the probity and confidentiality requirements of the Commonwealth. This will be an important decision criterion in any ‘without prejudice’ recommendation to be made to the Commonwealth by Hepburn Shire.

**SUSTAINABILITY IMPLICATIONS**

There are no sustainability implications associated with this report.

**FINANCIAL IMPLICATIONS**

This report has significant financial implications for Council.

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

The ongoing ratepayer subsidy (estimated at between \$550,000 and \$600,000 in recent years, or ~2.5% of total rate income) is not required to deliver Commonwealth policy objectives of an integrated aged care program to support older people to live independently in the Hepburn community. Council will need to commit resources to support an effective transition process, this is estimated to be around \$65,000 over the next 12 to 18 months.

[REDACTED]

An estimate of the cost of post-transition budget requirements to fund commitments to positive ageing are outlined below:

Employee costs	\$213,000
Operations	\$20,000
Total	\$233,000

The employee cost allocation will support a Positive Ageing Officer (B6 1.0 EFT), Inclusion Officer (B4, 0.6 EFT, Councillor initiative) and a proportion of the manager's time.

New initiatives related to additional positive ageing policy commitments will be referred to the annual budget cycle for review and approval in the context of all other demands on Hepburn Shire Council.

[REDACTED]

It is recommended that Council's Audit Committee receive a review report at the end of the transition process that summarises all costs and addresses lessons learnt

### RISK IMPLICATIONS

A comprehensive risk and community impact analysis has been completed for Hepburn Shire Council; the high-level risks associated with this decision include:

- **Future Cost of Services** – the current estimated 'cost to council' for the main Home Support services of approximately \$500,000 per annum is based on 'block funding' and a consistent demand for service. It is highly likely that with increasing demand, the introduction of competition and consumer directed care the future cost of service will increase and that there will be higher volatility and commercial risk.
- **Avoided risks** – by choosing to transition out of service delivery Council is avoiding a significant number of risks, these include commercial risk, business continuity, competition policy and clinical governance.

- **Investment in Innovation** – if Council seeks to remain as a provider of services post-2023 it will need significant investment to support the reorientation of its operating model. This will require renegotiation of industrial arrangements, investment in business processes and technology, reduce overheads, working capital (move to payment in arrears) and capability to quickly increase and reduce scale of operations.
- **Unit Cost** – the unit cost of delivery by local government is relatively high when compared to the level of funding provided and the operating costs of not-for-profit and other non-government organisations. Significant industrial and operating reform would be required to seriously change local government cost structures.
- **Commercial Risk** – the introduction of ‘consumer directed care’ and likely end of ‘block-funding’ will introduce significant commercial risk for Council. Councils have operated in a highly collaborative, almost monopoly market for 30 years and will have difficulty in adapting operating models to meet these challenges.
- **Scale of Operations** – some councils have examined if growing the scale of operations might be a solution to responding to the reforms. Investigation of this option has indicated that growth in a highly competitive market is unlikely due to inability to expand geographic boundaries, inherent cost structures, limited range of service offerings and lack of experience.
- **Full Cost Attribution** – most local government budgets reflect only direct operating costs and local management overhead. Full cost attribution will reflect direct and indirect operating costs, local and corporate overheads, costs of assets deployed in service delivery and adjustments for tax and other advantages derived from being a level of government.
- **Market Competition** – it is more likely than not that ‘limited or full-market competition’ will be introduced in the commissioning of aged care services. Council will need to restructure its operating model and cost structures to adapt to this emerging challenge.
- **National Competition Policy** – NCP requires council to completely remove underlying rate-payer subsidies or pass costs on to consumers. Council can undertake a Public Interest Test, but it is not likely to be able to justify continued subsidisation when in competition.
- **Stranded Services** – if active markets for aged and disability services develop in populated areas, it may result in Councils being left with only remote or rural areas with a very high costs of delivery. Council will be the provider of last resort with diminishing market share and significantly increasing unit costs.
- **Thin Market** – the lack of viable alternate providers is a real risk in regional areas. The responsibility for ‘market stewardship’ and ensuing viable providers sits with the Commonwealth and Victorian governments who have significant market power and influence.

- **Industrial and Employee Relations** – every scenario or pathway for Council contains industrial and employee relations risks, these include industrial obligations under Enterprise Agreement; renegotiation of employment arrangements and a moral obligation to long-serving staff.
- **Managing Transitions** – Council will need to manage the transition of many individual clients over the coming 12 to 18 months, significant investment will be required to provide a safety-net to ensure positive outcomes for clients and community.
- **Addressing Vulnerability** – most clients will make a transition with limited support from Council. It is understandable that Council has a high level of concern for vulnerable members (mental illness, social isolation, at risk of homelessness, intellectual disability etc) of the community and therefore it will invest in transition programs and safety-nets to provide appropriate support structures.
- **Advocacy** – There is a clear need for strong advocacy to the Victorian and Commonwealth governments on the risks for local government arising from the reforms. This includes holding the Commonwealth and Victorian governments accountable for service delivery outcomes; ensuring the market stewardship roles are fulfilled; and making representations on the needs of vulnerable communities.

Officers propose that Audit and Risk Committee will be provided with a status update, and where necessary a detailed report that provides information relating and seeks risk management and probity oversight to the reforms and transition.

## **COMMUNITY AND STAKEHOLDER ENGAGEMENT**

Council has undertaken significant consultation on its Positive Ageing policy in recent years and most recently as part of the Hepburn Together project with strong feedback received by community for a focus to be on positive ageing.

Council officers have engaged with Commonwealth and Victorian government agencies to provide notice and advice of the decision-making process.

Council by taking this in-principle decision will trigger a comprehensive communications and consultation exercise; this will include:

- Staff will be informed that Council is commencing a decision process and will be provided with a key internal contact to raise any questions or concerns during the process
- Clients and families will be informed that Council is commencing a decision process and will be provided with a contact number to raise any questions or concerns during the process.
- A proactive media engagement strategy to explain the rationale for Council's decision, the intended process, and long-term benefits for the community.
- The Australian Services Union, acting as the industrial representatives of staff will be advised of Council's in-principle determination on this matter. A staff

working group will be established to ensure clear communication throughout the process.

- Council officers will host an information and 'Q & A' session for the general community following Council determination on this matter.
- A comprehensive 'Frequently Asked Questions' document will be available via Council's website and customer service centres.

Pathway options available to council

Option 1 – Plan for service provision beyond 30 June 2023

This option is not recommended.

Preparation for service provision under the future Support at Home program will require Hepburn Shire to completely redesign its service and business model as well as reduce its cost structures by at least 30% to 35%.

Expansion of the traditional service model into more complex care will significantly increase risk and require commitment to clinical governance.

Market competition will be used as a driver of quality and efficiency under the new program, and this will invite commercial risk and application of National Competition Policy competitive neutrality principles.

Local government cost structures are inflexible and the biggest barrier for Hepburn Shire (and all local government providers) is scale of service provision and inability to amortise local overhead costs.

Option 2 – Transition out of direct service delivery and focus on broader policy

This option is recommended as being in the public interest and aligned with Council's broader obligations to the community.

Council accepts that Commonwealth policy is moving towards a consistent national integrated aged care system and that this will require more efficient providers who can deliver services across a broad spectrum of needs.

The decision to transition out of its long-term commitment to service delivery is a significant decision and not taken lightly. Council has an obligation to resource and support an effective transition for clients and staff.

Council will proactively manage an effective transition out of service delivery and ensure that all clients (and especially those clients that are vulnerable or at risk of social isolation) are provided with support.

Council accepts its moral and industrial obligations to all staff affected by this decision.

Option 3 – Transition through partnership or sub-contract

In this scenario Council would retain its service agreements and seek to contract with local or regional partners for delivery.

This option is not recommended as the 2-year time frame left for the CHSP program is not sufficient to prepare, commission, and implement an effective procurement process (for both Council and the potential contractor).

Sub-contracting several other industrial and commercial risks including transfer of business and potential for increased costs due to contract supervision.

## Appendix One – Principles and Values Communication

- Council will be timely in all communications and will ensure that all people affected by a decision will have information provided including the rationale and drivers for all decisions.
- Open and transparent communication between all parties will underpin the partnership and build trust and confidence.

### For clients

- The individual needs of all clients will be understood and considered during the transition process. It is recognised that some clients will need additional support during the transition process and Council will ensure that special attention is paid to protecting the rights of vulnerable clients.
- Council will act as an advocate for the needs of all clients and will ensure that additional resources are provided to hear and respond to individual, or group needs during transition and an appropriate time following the date of transition.
- Council will ensure that clients are provided with high quality information before, during and after transition and individual private consultations if required.

### For staff

- Council values the contribution of all staff and recognises the commitment made to deliver high quality home support services to the Hepburn community.
- Council understands the unique relationship that develops between carers and clients and will work towards ensuring the continuity of this relationship where possible.
- Council will identify and implement readiness activities and support that will ensure workers are prepared for the transition process.
- Council will establish a transition working group involving affected staff (and their representatives) to ensure the effective two-way flow of information.
- Council will meet all industrial obligations and will ensure investments are made to provide staff with the support and skills they need to make an effective transition to future work or retirement depending on their individual circumstances.

### For the appointed provider

- Council will seek to have input into the appointment of a high-quality provider of home support services (understanding that the final appointment is a matter for the Commonwealth and Victorian governments).

- Council will work constructively with the appointed provider to ensure that the service transition occurs in a way that protects the interests of clients, families of clients, staff, and the broader community.
- Council will ensure that quality client and service information will be provided to the appointed provider(s) to inform decisions during the transition process.

For community

- Council will make decisions that are in the best interests of the broader community, this will include understanding the financial, economic, social, health and wellbeing implications of any decision.
- Council will act as an advocate for the needs of the community and will hold accountable Commonwealth and State Governments and the appointed home support providers for the delivery of quality services to the Hepburn community.

## 2.2 RENEWAL OF LEASE FOR DAYLESFORD COMMUNITY CHILD CARE CENTRE

### MOTION

*That Council:*

1. *Approves the new community use Lease for the Daylesford Community Child Care Inc. for a term of 6 years (plus a 6-year option) commencing on 1 July 2021 at a rent of \$421 per annum (plus GST);*
2. *Authorises the Chief Executive Officer and the Mayor to sign and seal the attached Lease; and*
3. *That the Chief Executive Officer communicate the effect of this resolution and make it available to the public.*

**Moved:** Cr Jen Bray

**Seconded:** Cr Don Henderson

**Carried**

**14 CLOSE OF MEETING**

The Meeting closed to the public at 8:32pm