



***HEPBURN SHIRE COUNCIL
ORDINARY MEETING OF COUNCIL
MINUTES***

TUESDAY 21 AUGUST 2012

**DAYLESFORD SENIOR CITIZENS ROOM
VINCENT STREET
DAYLESFORD
5:30PM**

**Hepburn Shire Council
Ordinary Meeting of
Council**



MINUTES

TUESDAY 21 AUGUST 2012

Daylesford Senior Citizens Room

Vincent Street, Daylesford

Commencing 5:30PM

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Hepburn Shire Council Ordinary Meeting of Council



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AARON VAN EGMOND
CHIEF EXECUTIVE OFFICER
21 AUGUST 2012

1. ACKNOWLEDGEMENT OF TRADITIONAL OWNERS

We would like to acknowledge we are meeting on Jaara people country, of which members and elders of the Dja Dja Wurrung community and their forebears have been custodians for many centuries.

On this land, the Jaara people have performed age old ceremonies of celebration, initiation and renewal.

We acknowledge their living culture and their unique role in the life of this region.

2. OPENING OF MEETING

PRESENT: Mayor Councillor Sebastian Klein, Deputy Mayor Councillor Rod May, Birch Ward Councillor Jonathan Barrell, Cameron Ward Councillor Neil Newitt, Creswick Ward Councillor Janine Booth, Creswick Ward Councillor Don Henderson, Holcombe Ward Councillor Bill McClenaghan.

IN ATTENDANCE: Chief Executive Officer Aaron van Egmond, General Manager Corporate Services Evan King, General Manager Infrastructure Bruce Lucas, General Manager Sustainable Development Barry Green, General Manager Community Services Kathleen Brannigan.

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

Nil.

5. CONFIRMATION OF MINUTES

RECOMMENDATION

- 5.1 That the Minutes of the Ordinary Meeting of Council held on 17 July 2012 (as previously circulated to Councillors) be confirmed as required under Section 93 (2) of the Local Government Act 1989.

MOTION

5.1. That the Minutes of the Ordinary Meeting of Council held on 17 July 2012 (as previously circulated to Councillors) be confirmed as required under Section 93 (2) of the Local Government Act 1989.

Moved: Councillor Don Henderson
Seconded: Councillor Jonathan Barrell
Carried.

6. NOTICES OF MOTION

Nil.

7. ITEM OF URGENT BUSINESS

PROCEDURAL MOTION

7.1.1. *That Council considers an Item of Urgent Business – Groundwater Management – Water Security.*

Moved: Councillor Rod May

7.2. GROUNDWATER MANAGEMENT – WATER SECURITY

MOTION

7.2.1. *That Council agrees that it does not endorse the Loddon Highlands Water Supply Protection Area Groundwater Management Plan as one intended to provide management of the groundwater resource in the protection zone, and write to the Minister for Water expressing its concern that the plan fails to provide the framework for sustainable groundwater management, WATER SECURITY and manifestly fails to ensure that environmental assets are adequately protected.*

Moved: Councillor Rod May

Seconded: Councillor Don Henderson

Carried.

8. PRESENTATION OF COUNCILLOR REPORTS

MAYOR'S REPORT

Councillor Sebastian Klein, Coliban Ward

This month I attended the *Future of Local Government* working group. Following on from the great work done here and at the associated summits we are now asking - how do we apply these ideas? Not a moment too soon as local government is going to have to get much smarter in how we do things and these conversations are critical. We control 20% of the nation's infrastructure but take only 3% of the rates we can't only rely on increasing rates to cover this gap, but need to start operationalising strategies like council owned corporations, shared services and community budgeting.

Behind this model as well is that we also need to address the underlying way that councils gather revenue - a critical question in the debate for constitutional recognition of councils. These are changing times and we need to stay ahead of these changes.

These questions were all at the heart of the Ministers, Mayors and CEOs forum in Melbourne where our group procurement exercise with other Central Highlands councils featured.

These of course are pressing issues for rural areas and sectors who are under increasing pressure from a globalised resource and a service-oriented economy.

Other meetings I attended included:

- Met with a representative of Hepburn Wildlife Session
- Met with Matt Gordon from OurSay
- Future of Local Government working group
- Met with Rotary regarding a proposed music festival
- Trentham Neighbourhood Centre Committee of Management
- Clunes flood mitigation meeting
 - options for 50 year protection
 - difficult due to infrastructure required by proximity of properties to creek, very costly as better protection means compensation for affected properties or acquisition
- Trentham Future Food and Farming meeting

- Waste Management Committee meeting
- Meeting with community member regarding the state of the MRF
- Met at Regional Development Victoria in Ballarat to discuss the Grampians Energy Project
- State Government changes to planning, etc.
- Regional food hubs at the Daylesford Bowling Club
- Met with Martin Brennan from ICLEI
- Met with David Coote regarding Bioenergy options for Hepburn
- Coliban Ward meeting in Trentham
- Trentham Business and Tourism Group
- Y council - young people in local government
- Four Seasons of Hepburn Shire exhibition
- Glenlyon Fine Food and Wine Fayre
- "Away with Words" young people's Words in Winter event opening
- Official opening of the Doug Lindsay Reserve and Community Facility
- Meeting with Gert Bossinger at Melbourne University Creswick Campus regarding partnership opportunities
- The leading now for our Future Local Government Ministerial forum in Melbourne
- Youth activities meeting at the ARC
- Central Highlands Regional Planning Committee, Ballarat Art Gallery
- Words in Winter Launch
- Trentham town plan consultation with La Trobe University
- Meeting with Principal of Daylesford Secondary College
- Daylesford Men's Shed fund raiser
- Presented to Daylesford VCAL on youth issues and council services
- Young Councillors Q&A at Bendigo City Council
- Holcombe Ward Meeting

Councillor Reports

Councillor Rod May, Birch Ward

I attended four meetings in the last month:

Upper Loddon Highlands Water Supply Protection Area Groundwater Management Committee to discuss the Draft Groundwater Management Plan referred to in the Item of Urgent Business.

Yandoit Mechanics Institute Committee of Management Public Meeting - three yearly meeting to appoint Committee members.

Australian Citizenship Ceremony on 16 August 2012 with Crs Barrell, Booth and the CEO – citizenship was conferred on eight shire residents.

In the Mayor's absence, I attended the Central Highlands Mayors and CEOs Forum

There were two main issues of discussion:

1. General discussion about the Central Highlands Regional Growth Plan and what status this plan might have in relation to existing Planning Schemes.

2. Key Regional Projects

Four key regional projects have been identified that will deliver significant outcomes for the region and have a state wide-importance:

1. Ballarat West Employment Zone
2. Beaufort & Ararat Bypass Project
3. Regional Fly-In-Fly-Out and Mining Centre of Excellence – Stawell
4. Goldfields Heritage Region Stage 1 – rejuvenating Goldfields streetscapes.

Councillor Neil Newitt, Cameron Ward

On 18 July I was pleased to attend a funding announcement by Minister Jeanette Powell at the Stawell Library of \$50,000 for the refurbishment of the Clunes Library and enhancement of services..

On 29 July along with Council's CEO, I attended the Clunes Community Dinner now in its 15^h year. This is the 40th year of the Clunes Tourist and Development Association's (CTDA) involvement with the Clunes community – one of the longest serving groups of its type within the Shire. At the Dinner there was an announcement of Citizens of the Year Murray Cook, Betty Duncan and Young Citizen of the Year Jasmine Coleman.

Clunes Flood Mitigation and Urban Drainage Plan – On 6 August I attended the Public Meeting which was well attended. We have to be mindful as we have seen in Creswick that we have to get the balance right. We need to address the concerns of the people who were flooded, but also the needs of the town. Some of the proposed flood mitigation options would have quite a drastic effect on the look of the town and the look of the creek; the township vistas and streetscape. I would, through Council, urge the citizens of Clunes to think long and hard about which mitigation option they would like to choose and lobby for.

In my capacity as Councillor, I attend many AGMs for both Section 86 Committees and local Department of Sustainability and Environment (DSE) Committees of Management. I foreshadow to Council that we have to be aware of the increasing emphasis placed on volunteers of what they need to do to be part of these committees of management. There is a big onus of responsibility on the volunteers who step up to these committees. The onus is also on Council to assist our volunteers who play such an important role in our communities to meet their responsibilities.

Councillor Janine Booth, Creswick Ward

No report to present this month.

Councillor Don Henderson, Creswick Ward

Attended all statutory Council meetings as well as briefings.

Attended:

- Heritage Advisory Committee
- Creswick Ward Community Committee
- Environmental Sustainability Advisory Committee
- Creswick Action Network (CAN youth support)
- AGM Creswick Bald Hills Landcare.

- Waste Management Strategy Steering Committee.
- Creswick Ward meeting.

Pleased to report that signage celebrating *Creswick A Living History* has gone up on the Cube.

Congratulations to Creswick and District Residents Association (CADRA) and Business & Tourism Creswick for their initiative to promote Creswick.

I had pleasure in attending the great new sporting facility at the Doug Lindsay Reserve and Community Facility. .

Despite some problems with the playing surface many community groups have used the building already. This is not just a sporting facility but truly a great community asset.

I am pleased to announce that Christine Nixon has confirmed that she will be the guest speaker at the IWD event next March.

Many people are concerned with the prospect of continuing wet weather and the possibility of flooding to the town and surrounding areas.

Councillor Bill McClenaghan, Holcombe Ward

Councillors will be aware of the recent MAV Rural South Central Forum, held at Bannockburn in Golden Plains Shire on Monday 13th August. I attended as this Council's rep and joined an active discussion and information session on some of the high level issues that are greatly impacting on Local Government. The issue of the "Defined Benefits" superannuation scheme for all public sector employees who joined prior to 1993 was centre stage. All Councils and public bodies now face huge liabilities to top up this under-performing fund that is being driven by a combination of CPI and salary increases.

For example, if CPI is 3% and salary increases are 5%, the fund must make 8% (3% + 5%) on its investments just to break even. Hepburn Shire is not in a strong financial position to pay its \$1.2 million current liability as is neighbouring Ballarat City, which saved \$700,000 in interest by paying a \$10 million liability up front.

The worst position Hepburn Shire can choose is to pay off its \$1.2 million liability over fifteen years after which it will have paid \$1.4 million plus a 15% federal "contributions tax" on top. The MAV is assembling a "Superannuation Taskforce" to brainstorm ways to lessen the blow to all member Councils and is exploring better ways to pay this instalment before another is due in three years time.

The Forum also looked at the “Future of Local Government” issue in terms of two options faced by marginally viable small Shires with limited income and assets. Option 1 is more forced amalgamations into large Regional Municipalities. Option 2 is “regional co-operation” whereby small Councils share plant, staffing and technology. This has already commenced by shared road maintenance contracts, procurement contracts and shared information technology and is definitely the way to go.

Lastly, I respectfully report the passing of a former local resident and inductee onto the Hepburn Shire Woman’s Honour Roll. Three weeks ago, Julieanne Regan, late of Glenlyon, lost her struggle against a terminal illness. A celebration of her life was held on 6th August at the Bullarto Hall. The number of local people who packed that hall to pay their last respects was quite incredible and it shows the love this community shows to one humble woman who, despite some personal difficulties, was able to support, inspire and empower others. This is why Julieanne Regan is on our Women’s Honour Roll.

Julieanne grew up at her father’s sawmill in the bush behind Lorne in the Otways back in the 1950s. With the Erskine River nearby, their mill hut home had an earthen floor in the kitchen. After the family moved to Melbourne, Julieanne so missed the country that she brought the farm to the suburbs with a whole menagerie of birds and animals. She later moved to Glenlyon and continued her commitment to community and an extended family who were always welcome in her home. She was passionate about Local Government, good governance, the VLGA, women’s issues and proper process and was a regular attendee at Council meetings where she asked many, many questions on the hot issues of the day.

Julieanne lives on in her son Kit and will always be remembered by local people who shared her passions which also included permaculture, growing vegies, libraries and community co-operation schemes. The best suggestion I have heard is for the area from the Daylesford Library to the nearby café, including the community garden, be known as the “Julieanne Regan Community Precinct” and I would ask Cr. Henderson to take this suggestion to the women’s committee he chairs for its consideration and possible recommendation to Council.

Councillor Jonathan Barrell, Birch Ward

Wombat Hill Botanical Gardens Advisory Committee was due to meet this morning has been deferred due to lack of a quorum.

ARC Advisory Committee no meeting this month, but informal meetings have occurred between Daylesford Neighbourhood Centre (DNC) and Daylesford Secondary College (DSC) regarding the preparedness of DNC to take over the management, and the opportunities to work with DSC to enable improved access for the managers to enable a more viable business plan

Daylesford Macedon Ranges Regional Tourism Board is scheduled to complete its strategic planning Tuesday 28 August 2012. Inaugural chair Ms Robyn Smith has resigned due to a change in her personal business commitments, and Mr Anthony McIntosh has accepted the role of Acting Chair while a replacement process is undertaken.

The Daylesford Streetscape Revitalisation Project continues with feedback having been received on the final draft report – I anticipate a report to Council In September.

The Victoria Park Multi Purpose Facility Consortium no meeting this month as await a review of the Feasibility Study by the Victoria Park Association by Pitcher Partners.

The Freight Strategy Steering Committee no meeting this month – I anticipate a final report to Council very soon.

I have volunteered to represent Council on its **Municipal Early Years Plan Steering Group**. I am not yet aware of our meeting schedule.

Stanbridge Jinker Project Group has not met this month.

RECOMMENDATION

8.1 That Council receives and notes the Mayor and Councillors' reports.

MOTION

8.1. That Council receives and notes the Mayor and Councillors' reports.

Moved: Councillor Rod May
Seconded: Councillor Bill McClenaghan
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 purpose of:

- Responding to questions that have been submitted by members of the community.
- Allowing members of the community to address Council.

Community members are invited to submit written questions to the CEO by 12 noon on the day of the Council meeting. If you wish to address Council you must provide a brief synopsis of your address in writing to the CEO by 12 noon on the day of the Council meeting.

Questions may be taken on notice and responded to later. Likewise, 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.

9.1. PETITION AGAINST THE PROPOSED SUBDIVISION AT 10 WHYTE STREET, CLUNES

SUMMARY

A Petition has been received from 17 Clunes residents objecting to a two lot subdivision at 10 Whyte Street, Clunes which reads:

“We strongly object to the proposed subdivision (ref:11233) for the following reasons;

- The size of Lot 1 in proposed subdivision suggests that the applicant intends to subdivide Lot 2 further as does the shape of Lot 2. If they were not proposing further subdivision there would be no need to make Lot 1 so small.
- The applicant has made previous applications for high density housing in this area and we believe that this is still his plan. Lot 1 is identical to the lot 1 proposed in the subdivision previously applied for and is consistent with stage 1 of the subdivision (Plan attached).
- We believe that the applicant has applied for a two lot subdivision to avoid completing the infrastructure that was required in the first application.
- The application is misleading when it comes to connections, in the previous application the applicant was required to upgrade and install new connections in some areas of the development.
- We believe that approval of this subdivision will set a precedent and more subdivisions and high density housing may be allowed in future as a result.

- Points 56.03-5 in the applicants report suggests that the proposed lot sizes are consistent with the surrounding lots. This is erroneous as the size of Lot 1 is much smaller than the majority of properties on Coundon Street and Whyte Street. The average size block is 1 acre (please see attached maps).
- In the applicants report they state that they are trying to provide a diversity of lot sizes. This is not required in this area of Clunes and the residents in this area do not want more small allotments. It is not in keeping with the current streetscape and level of development. The agents at AAG Real Estate in Clunes also believe that the majority of people moving to Clunes want the country lifestyle and acreage.
- This part of Clunes is currently quiet, with a small number of residents. If lot sizes of 1541m² and the like are approved, the density of living will increase and the quietness that the current residents enjoy will be destroyed.
- The subdivision and the potential on flow effect of more subdivisions will change the area and we are worried that it will reduce the value of our properties.
- The subdivision and others that we believe this developer to apply for in future will put pressure on the road infrastructure.
- The subdivision and potential subsequent subdivisions poses a safety risk to the residents. Coundon St and Whyte St are dead ends and only have on escape route in case of emergency. The more residences that are allowed in this area the greater the chances of fatalities due to an inability to exit our properties quickly.
- We would agree to a two or three lot subdivision if the lots were of equal size and in keeping with the current block sizes in the area, and with the stipulation that there will be no further subdivision of the blocks.
- We agree with the Hepburn Shire Council's submission to VCAT, 6th April 2005 (copy attached).
- We have also attached the resident's submission to VCAT April 2005 as it is also relevant.

Please reject planning application 11233. Thank you.”

RECOMMENDATION

That Council:

- 9.1.1 Receives the petition.
- 9.1.2 Refers the petition to the Planning Department to be considered as an objection under the Planning Permit process.
- 9.1.3 Writes to the head petitioners, Tessa and Steven Ambrose, informing them of the above process

MOTION

That Council:

- 9.1.1. *Receives the petition.*
- 9.1.2. *Refers the petition to the Planning Department to be considered as an objection under the Planning Permit process.*
- 9.1.3. *Writes to the head petitioners, Tessa and Steven Ambrose, informing them of the above process.*

Moved: Councillor Neil Newitt

Seconded: Councillor Jonathan Barrell

Carried.

9.2. QUESTIONS

Question 1: From Mr John Baragwanath, Daylesford

How much do we ratepayers owe on your super top up fund?

Answered by Mayor Councillor Sebastian Klein

Hepburn Shire Council has been notified that its Defined Benefits unfunded liability as at 31 December 2011 is \$1,209,633.99 plus contributions tax \$213,464.82 giving a total of \$1,423,098.81.

The unfunded liability may either be paid:

- By equal annual instalments over a 15-year period from 1 July 2013, or
- As a lump sum on 1 July 2013, or
- As a lump sum prior to 1 July 2013, or
- By any combination

Why Is the Top Up Required

The Local Authorities Superannuation Fund is a "regulated fund" under the provisions of the Superannuation Industry (Supervision) Act 1993 ("SIS"). In accordance with the SIS Act, actuarial investigations are required at intervals of not more than three years.

The rate of return (net of tax and investment expenses) earned by the Defined Benefit Plan for the three year period covered by the actuarial investigation was 3% p.a., which was lower than the expected return of 8.5% p.a. in the 2008 actuarial investigation. . The full time equivalent salary of Defined Benefit Plan members who remained members as at 31 December 2011 grew by 5.1% p.a. over the three year period. This was higher than the assumed salary growth of 4.25% p.a. Pension increases averaged 2.7% p.a. over the three years which was broadly in line with the assumed inflation rate of 2.75%. Overall, the financial experience over the three years was unfavourable which has led to a deterioration of the plan's position.

Question 2: From Ms Loretta Little, Daylesford

Why is Council intent on pursuing the establishment of a sister city relationship with the city of Bozhou in China, with no obvious or apparent benefit to the ratepayers of Hepburn Shire?

I wish to speak to my question.

Answered by Mayor Councillor Sebastian Klein

This matter is the subject of a detailed Officer's report at Item 9.2 in tonight's Agenda.

Question 3: Submitted by Ms Joanne McCombe for Mr Zachary Casper, Glenlyon – Central Highlands Against Smart Meters

Question not asked at meeting as Mr Casper advised he did not submit question.

There is a growing awareness among residents of Hepburn Shire that the so-called mandatory installation of Smart Meters to register electricity usage in private homes raises serious questions of invasion of privacy, disregard of human rights and negative effects on personal health. Cr. Bill McClenaghan has stated his opposition to Smart Meters and once again, he demonstrates his leadership on this issue and his responsiveness to the will of the people.

What is the position of the other councillors on this issue? And do you understand that if you are opposed to the will of the people regarding the non-installation of smart meters, that we the people are likely to vote you out of office in the October local council elections?

Answer:

Council has no formal position on this matter.

**Question 4: From Mr John Goulet
 Daylesford Traders Association**

How does Council determine what financial impact the proposed Streetscape proposal will have on traders is an economic impact study has not been carried out?

The document prepared by Essential Economics which was given to us at the last Council Meeting bears no relation to an economic impact study.

Answered by Mayor Councillor Sebastian Klein

The Daylesford Streetscape Revitalisation Strategy Project does include a requirement for a market Analysis report which was completed by Essential Economics.

It is acknowledged that this is not a full Economic Impact Study, however it is also acknowledged that placing a retail cost per car park may not be possible. This is subject to further discussions and seeking further information.

There are examples included in the Parking Arrangements & Pedestrian Crossing Review document dated July 2012 that demonstrate creating communities where people can better walk and cycle can provide significant retail benefits.

**Question 5: From Ms Chandra Easton
 *Not present at meeting***

I currently receive a Disability Pension (Since 2010) due to severe migraines triggered by Electro Magnetic Radiation from mobile phones and wireless internet. I am no longer able to work full time due to the Electro Magnetic Radiation generated in the majority of work environments. I currently rent a home in Daylesford, where the owner was required to install a smart meter when he purchased his Solar Panels. Growing medical evidence from Europe and Australia raises serious public health concerns about the high levels of Electro Magnetic Radiation emitted by individual Smart Meters and their clustering within our streets, public buildings and our communities.

Will the councillors of Hepburn Shire show leadership for this community by supporting a proposal for an opt-out clause to be put to the state Government and Power Distributes of Smart Meters in Victoria.

Answered by Mayor Councillor Sebastian Klein

Council has no formal position on this matter acknowledging that the provision of smart meters is not compulsory.

**Question 6: From Mr Russ Jenkin
Daylesford Traders Association**

Councillors. My question relates to the Vincent Street Revitalisation Project.

Given the fact that the Vincent Street Business area is covered by a heritage overlay, has Council sought advice from Heritage Victoria on this project? Has Council also sought the advice from Council's own Heritage Advisor?

Are there any reports or correspondence from the above mentioned? If there is (and one would assume there is) would Council consider making these documents available to the Daylesford Traders Association?

Answered by Mayor Councillor Sebastian Klein

Vincent Street is covered by a Heritage Overlay under Council's Planning Scheme and Council's Heritage Advisor has been involved in the Community Reference Group in more recent months and also provided written advice on the project and written submissions as part of the recent comment period.

Advice from Heritage Victoria is only obtained for sites which are included in the Victorian Heritage Register for the State's significant heritage places and objects. As Vincent Street is not heritage listed, advice from Heritage Victoria is not required.

**Question 7: From Ms Joanne McCombe, Glenlyon
Central Highlands Against Smart Meters**

Is Council aware that a position regarding the smart meter roll out in Daylesford was reported on 24th November 2010 in *The Advocate*?

"The Hepburn Shire Council is to advocate on behalf of consumers, claiming people should not have to pay for smart meters to be installed in their homes and business."

Answered by Mayor Councillor Sebastian Klein

Yes.

Council's motion from its Ordinary Meeting held on 16 November 2010 was as follows:

'Hepburn Shire Council believes that the installation of smart meters by utility companies should be a cost to the supplier, and not a cost to the consumer. Hepburn Shire Council instructs its representatives to present this view in relevant forums such as the Victorian Local Government Association.'

Question 8: From Ms Hanna Maria, Daylesford

Within the next 2-3 weeks, Powercor is going to finalise the installation of Smart Meters in Daylesford.

With an autoimmune disorder, including a history of inflamed arteries in my head, which can threaten my vision, I need to protect myself from triggering impacts. I am a resident of a Government Housing estate here in Daylesford. My unit is one of four in a block, with four electricity meters sitting on the wall outside my bedroom, and several more on the blocks nearby. I am deeply worried about the effects that four Smart Meters' emissions are going to have on me.

Are you, as a Council or as individual councillors, ready to support me? My landlord, the Government is certainly not going to do it, nor is Powercor.

Answered by Mayor Councillor Sebastian Klein

Council has no formal position on this matter acknowledging that the provision of smart meters is not compulsory.

10. OFFICERS' REPORTS

10.1. PETITION – BRITISH HOTEL, CRESWICK MANAGER ECONOMIC DEVELOPEMENT AND TOURISM

In providing this advice to Council as the Manager Economic Development and Tourism, I John Collins have no interests to disclose in this report.

PURPOSE

The purpose of this report is to inform Council on the issues raised in the petition received from Business and Tourism Creswick regarding the British Hotel, tabled at the Ordinary Meeting of Council on 17 July 2012.

BACKGROUND

Council has received a petition with 268 signatories from Business & Tourism Creswick requesting that the owners of the British Hotel, currently a vacant property, commence appropriate remedial actions to prevent further deterioration of this once iconic establishment which will ensure it houses an operational business once again.

ISSUE / DISCUSSION

The British Hotel is privately owned by a business investment cooperative. The property has been vacant for several years and is not the subject of any current planning or building applications to Council.

At the request of Business and Tourism Creswick, Hepburn Shire Manager Economic Development and Tourism arranged a meeting with the ward Councillors Booth and Henderson and a representative from Caine Real Estate acting on behalf of the British Hotel owners.

At this meeting the following issues were discussed:

The British Hotel is privately owned by a business investment cooperative. The property has been vacant for several years and is not the subject of any current planning or building applications to Council.

At the request of Business and Tourism Creswick, Hepburn Shire Manager Economic Development and Tourism arranged a meeting with the ward Councillors Booth and Henderson and a representative from Caine Real Estate acting on behalf of the British Hotel owners.

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The British Hotel is privately owned by a business investment cooperative. The property has been vacant for several years and is not the subject of any current planning or building applications to Council.

At the request of Business and Tourism Creswick, Hepburn Shire Manager Economic Development and Tourism arranged a meeting with the ward Councillors Booth and Henderson and a representative from Caine Real Estate acting on behalf of the British Hotel owners.

At this meeting the following issues were discussed:

- Officers and Councillors relayed the community concerns over the apparent inability of the site to attract buyers or renters, and the fact that the building continues to deteriorate and is not presenting a positive image to the streetscape of Creswick.
- That the owners are keen to see the building used, but are looking at a reasonable return on their investment.
- Caine Real Estate expressed a belief of the owners that Creswick does not need another hotel.
- That Caine Real Estate has approximately one enquiry a week about the building.
- The owners are looking for a business proposition that is supported by a sound business plan and a robust track record of business experience.
- The building is not for sale, unless a particularly attractive sum was offered and would come with some conditional provisions.
- The building is in need of some repair, which was estimated to be in the vicinity of \$3-400,000 depending upon the future use proposed.
- The owners would consider funding this repair work to an agreed sum, at dollar for dollar, by a potential lessee, on the basis of a business plan showing realistic cash flow predictions.
- Such an agreement is understood to be on the basis of a long-term lease such as 25 years.
- It is also possible that the owners would consider a low-level start up rent in view of the need for up-front investment by the lessee.
- The building site is subject to heritage controls both individually HO35 and as part of the Creswick streetscape precinct HO823.
- Recent vandalism has meant that the building windows are boarded up for safety and render the site unattractive.
- The adjacent and more recent addition to the street-side of the building is also in poor repair, as is the rear portion of the building and the yard of the site.

- Attempts to secure the building from vandals and squatters has had limited success and the building is at some risk from occasional unauthorised occupiers.
- The building and surrounds are a source of concern to the local police and CFA.
- Hepburn Shire Council is keen to support development of the building and surrounds and keen to encourage potential lessees. To this end Caine Real Estate and Hepburn Shire will remain in contact and Council is happy to provide support and advice through its Officers to interested parties.

These outcomes were communicated to Business and Tourism Creswick and to the representative from Caine Real Estate acting on behalf of the British Hotel owners.

COUNCIL PLAN / LEGISLATIVE COMPLIANCE

Council's Meeting Procedures Local Law No 1 states that a petition presented to the Council must lay on the table until the next ordinary meeting of the Council and no motion, other than to receive the petition may be accepted by the Chairperson, unless the Council agrees to deal with it earlier.

FINANCIAL IMPLICATIONS

There are no financial implications to Council associated with this petition.

RISK IMPLICATIONS

There are some identified risk implications associated with this report such as the deteriorating nature of the building. This has required Council intervention to make the site safe for pedestrian traffic.

ENVIRONMENTAL / SOCIAL / ECONOMIC IMPLICATIONS

There are no identified environmental implications associated with this report. Economic implications are tied to the impact of the hotel being left in a semi-derelict condition and contributing to a poor image of the town. In addition, the ability of the building to be used for a viable business venture would bring economic growth and employment to Creswick. Whilst the social implications have not been fully considered it is noted that should the site be redeveloped then it may provide a social benefit such as its historical use as a hotel.

COMMUNITY AND STAKEHOLDER ENGAGEMENT

Council have not conducted any direct community consultation as a result of the petition; however Council Officers and Councillors have been in

discussion with community members directly and through Business and Tourism Creswick for many months.

CONCLUSION

Council Officers and Councillors have attempted to motivate the owners via their agent to restore the British Hotel over many months. The owners are reluctant to spend any considerable money on the building in the absence of a future use.

Council has limited ability to influence private business owners to restore/preserve property and assets.

It should be noted that a number of other Councils in Victoria have introduced differential rates into their rating policies, such as doubling rates on long term vacant land and buildings, to discourage property owners from 'asset banking'. This practice is where land and buildings are purchased and remain vacant in anticipation that their value will increase before redevelopment or selling them again. It is relatively common in these circumstances for properties to remain in an unimproved state for some considerable time.

Officers have been considering alternate strategies and this may be an opportune time to consider such a differential rating policy. This will need to be developed in conjunction some of the initiatives proposed under the Advancing Country Towns project and will be the subject of a further briefing to Council.

OFFICER'S RECOMMENDATION

That Council:

- 10.1.1 Receives and notes the report which responds to the matters raised in the petition received from Business & Tourism Creswick Inc;
- 10.1.2 Requests Council Officers develop a clause for Council to consider including in its rating strategy with regard to long term vacant and neglected properties;
- 10.1.3 Requests Officers to continue to advocate for the long term development and maintenance of the British Hotel; and
- 10.1.4 Writes to Business & Tourism Creswick Inc to advise of the above actions.

MOTION

That Council:

- 10.1.1. Receives and notes the report which responds to the matters raised in the petition received from Business & Tourism Creswick Inc;*
- 10.1.2. Requests Council Officers develop a clause for Council to consider including in its rating strategy with regard to long term vacant and neglected properties;*
- 10.1.3. Requests Officers to continue to advocate for the long term development and maintenance of the British Hotel; and*
- 10.1.4. Writes to Business & Tourism Creswick Inc to advise of the above actions.*

Moved: Councillor Janine Booth

Seconded: Councillor Don Henderson

Carried.

10.2. CULTURAL AND ECONOMIC OPPORTUNITIES WITH CHINA MANAGER ECONOMIC DEVELOPMENT AND TOURISM

In providing this advice to Council as the Manager - Economic Development and Tourism, I John Collins have no interests to disclose in this report.

PURPOSE

To explore the opportunities for Hepburn Shire Council in establishing a formal process for engaging with visiting Chinese Delegations and the value of entering into a Sister City or Friendship City agreement with a city in the People's Republic of China.

BACKGROUND

Hepburn Shire has a strong historic connection with the Chinese dating back to the 1850s gold rush. Chinese miners from the Guangdong province, particularly the city of Kaiping in southern China, worked on the Creswick, Clunes and Daylesford goldfields. This legacy is reflected in the Creswick cemetery where approximately 400 Chinese were buried between 1858 and 1923.

In 2011, the then Mayor of Hepburn Shire Council, Councillor Rod May signed a Memorandum of Understanding (MoU) with the city of Bozhou in the Anhui province of China to progress towards a sister city relationship.

In December 2011 Council resolved to host at least two delegations from China and requested that Officers bring a report to Council on this matter. In May 2012, Council endorsed a "co-operation MOU with county Wannian" which was signed on Council's behalf by Cr May in Wannian in May.

At its June meeting, Council approved the 2012-2013 budget which included an allocation of \$10,000 to enable the sister city relationship and discussion with IATA to continue.

The attached report (Attachment 1) follows Council's decision in December 2011 to welcome some selected visits by Chinese delegations but also for Officers to provide a detailed report on such activities for Council's consideration.

To consider how the community might maximise opportunities, an initial, informal meeting was held on 1 May 2012 between Hepburn Shire Councillors (Crs May, Henderson and Booth), the Manager of Economic Development and Tourism, representatives of the Creswick and Daylesford Business Associations, a representative of the Creswick Chinese Cemetery Committee and some selected businesses. The group expressed universal support for

Council to develop a strategy for investigating development of an ongoing engagement process. The group was reconvened on 10 July 2012 to receive an updated report from Cr May. The outcome was that the group would continue to meet, but cautioned against haste.

Advice has also been sought from officers at the City of Greater Bendigo, Ararat Rural City, City of Ballarat and from Henry Gunstone, Director of the Australia-China National Association.

ISSUE / DISCUSSION

Following China's entry into the World Trade Organisation in 2001, many councils have entered into sister city or friendship city agreements with China. The goals focus on economic development, tourism, education and cultural exchange. Most agreements happen at a government to government level, but also feature strong community partnerships.

In addition, increasing numbers of organisations/agencies have emerged in Australia to satisfy the growing demand for delegations of government and business groups from China desiring to visit Australia. Some of these delegations may be more like tourists whilst others can be a source of further opportunity for individual businesses or cultural exchange. Such cost benefit needs to be analysed and considered.

Having an historic connection with a sister city provides an opportunity to quickly develop shared goals, aspirations and understanding. This connection can also assist to develop what the Chinese call 'guangxi' which translates as trust and understanding. Guangxi is very important to the Chinese, particularly in relation to business, and can take years to develop. Within China, a government to government relationship is also critical to opening up business opportunities, which can be a key benefit of a Sister City relationship if it is properly resourced and targeted.

COUNCIL PLAN / LEGISLATIVE COMPLIANCE

There is no reference to the development of relationships with China at any level in the Hepburn Shire Plan 2009-2013, or in any of Hepburn Shire's strategic documents.

FINANCIAL IMPLICATIONS

Following the Council decisions in 2011/12 there was no allocation for hosting or developing sister city relationships and this has resulted in unbudgeted expenditure both in officer time and costs.

Council has budgeted \$10,000 in the current 2012/13 financial year to investigate the costs benefits of such projects.

Should Council proceed, the following ongoing work is required to effectively manage a long-term business or cultural relationship:

- *Establish and resource a community-based committee to oversee coordination of visiting delegations and any sister city relationship, and to provide advice to Council.*
- *Coordinate official outbound delegation visits. Sister City relationships require no less than biennial visits, and include out-bound Visa applications, flight arrangements, accommodation and itinerary management.*
- *Host delegation visits from the Sister City and other cities as requested, including support (letters) for incoming Visa applications, itinerary development and event hosting etc.*
- *Support other stakeholder delegations from within Hepburn Shire (business, schools, etc) to plan for and undertake visits to the Sister City.*
- *Hosting other delegations from China (usually government or schools) that may want to visit Hepburn Shire.*
- *Establishing advisory and support networks with the Australia-China National Association, the Chinese Consul General's office, the Australian International Trade Association, other Sister City Councils, and community and business groups with established relationships with China.*

In addition, it is likely that additional resources will be required to meet the goals of any agreement entered into, particularly around Economic Development, Tourism, Cultural and Education opportunities.

Officers have sought advice from other municipalities that are either engaged in these activities or have previously been engaged in them. Such advice suggests that if Council wishes to pursue a low-key strategy to initiate engagement with China, it would require an officer for one to two days ahead of each visiting delegation, plus a small budget for gift exchange and hosting expenses for meals. It would be expected that the Mayor, CEO and at least one or two Councillors and appropriate Council Officers be available to welcome and host each visit. This would include planning and guiding visits to appropriate businesses and cultural/tourist sites.

Should Council wish to initiate a strategy to enter into and maintain a Sister City relationship and host ongoing visits, it would require an officer for approximately two days per week, or 0.4EFT, managing the day to day requirements of the relationship, as well as regularly hosting government delegations from China.

It is estimated that a minimum amount of \$20,000 per annum over and above any staffing costs would be required to provide adequate financial support for

this kind of role, which would include funding councillors and staff to undertake small delegations to visit China.

Ongoing financial implications of properly resourcing a Sister City agreement:

- Staff member, 0.4EFT - \$25,767 pa (inc oncosts) (Band 5)
- Approximately \$20,000 Sister City annual budget allocation.

RISK IMPLICATIONS

If Council commit to a clear strategy for hosting visiting delegations and a Sister City relationship, there are no identified physical risks associated with this proposal. A possible risk might occur to our reputation if Council were to initiate a Sister City relationship without long-term commitment and appropriate resourcing. There are varying opinions on whether Council would suffer reputational damage if it elected to either not proceed with the Bozhou Sister City MoU, or to pursue a Sister City relationship with another city that may be considered a more appropriate match for Hepburn Shire.

ENVIRONMENTAL / SOCIAL / ECONOMIC IMPLICATIONS

Advice from other Councils suggests that there can be significant social/cultural and economic benefits from Sister City relationships. City of Greater Bendigo has focussed on cultural and educational outcomes rather than pursuing economic opportunities, however Ararat are seeing growing economic benefits from their efforts.

COMMUNITY AND STAKEHOLDER ENGAGEMENT

No dedicated community and stakeholder engagement beyond the initial informal meetings mentioned above has been undertaken to this point. The group has agreed to continue to meet and will invite one of the Directors of the Australia-China National Association to brief them at the next meeting.

CONCLUSION

A range of benefits can be achieved from adopting a long-term, low-key engagement process with China. This is particularly true of having a meaningful and consistent Sister City relationship.

The response from the initial engagement meetings with community and business was to encourage establishment of a formal process to address this opportunity. In addition, advice from other municipalities and experienced consultants in this area indicate that Council should choose very carefully the most appropriate Chinese city with whom to establish a Sister City agreement. In addition, adequate resources in staff and budget are essential to a meaningful, mutually beneficial economic and cultural outcome.

OFFICER'S RECOMMENDATION

That Council:

- 10.2.1 Agrees to support the current planned visits by Chinese delegations with appropriate resource allocation (staff and budget; estimated at \$800 – 1,500 per visit), and that appropriate criteria be developed for assessing the value of future requests to host such visits.
- 10.2.2 Introduces a simple training program to educate Councillors and Officers on appropriate protocol and cultural subtleties for hosting delegations. (Estimated cost - \$1,500).
- 10.2.3 Invites selected community and business representatives to form a Hepburn Shire Council – China Opportunity Committee to guide development and implementation of the strategy.
- 10.2.4 Agrees to defer the current proposal to sign a Sister City agreement with Bozhou until the committee has proposed a recommendation and that recommendation has been approved by Council.
- 10.2.5 Allocates some of the \$10,000 for Cr May to host a small Hepburn Shire delegation of community and business people, (to be selected based on criteria to be developed) to visit Bozhou during the International Herbal Medicine Festival in September. Each person to pay their own costs and be sponsored by Council \$500. The aim would be for the committee to use the trip to evaluate Bozhou as an appropriate Sister City.
- 10.2.6 Considers allocating budget resources in the 2013-2014 budget to employ a contractor to work with Economic Development and Community Services Officers. This contractor will develop a policy on assessment criteria for responding to economic and cultural opportunities between Hepburn Shire Council and China, and prepare a strategic plan for an effective engagement program with China, including budget estimates and staff resources, for Council to consider. (Estimated cost - < \$25,000 subject to detailed brief).

MOTION

That Council:

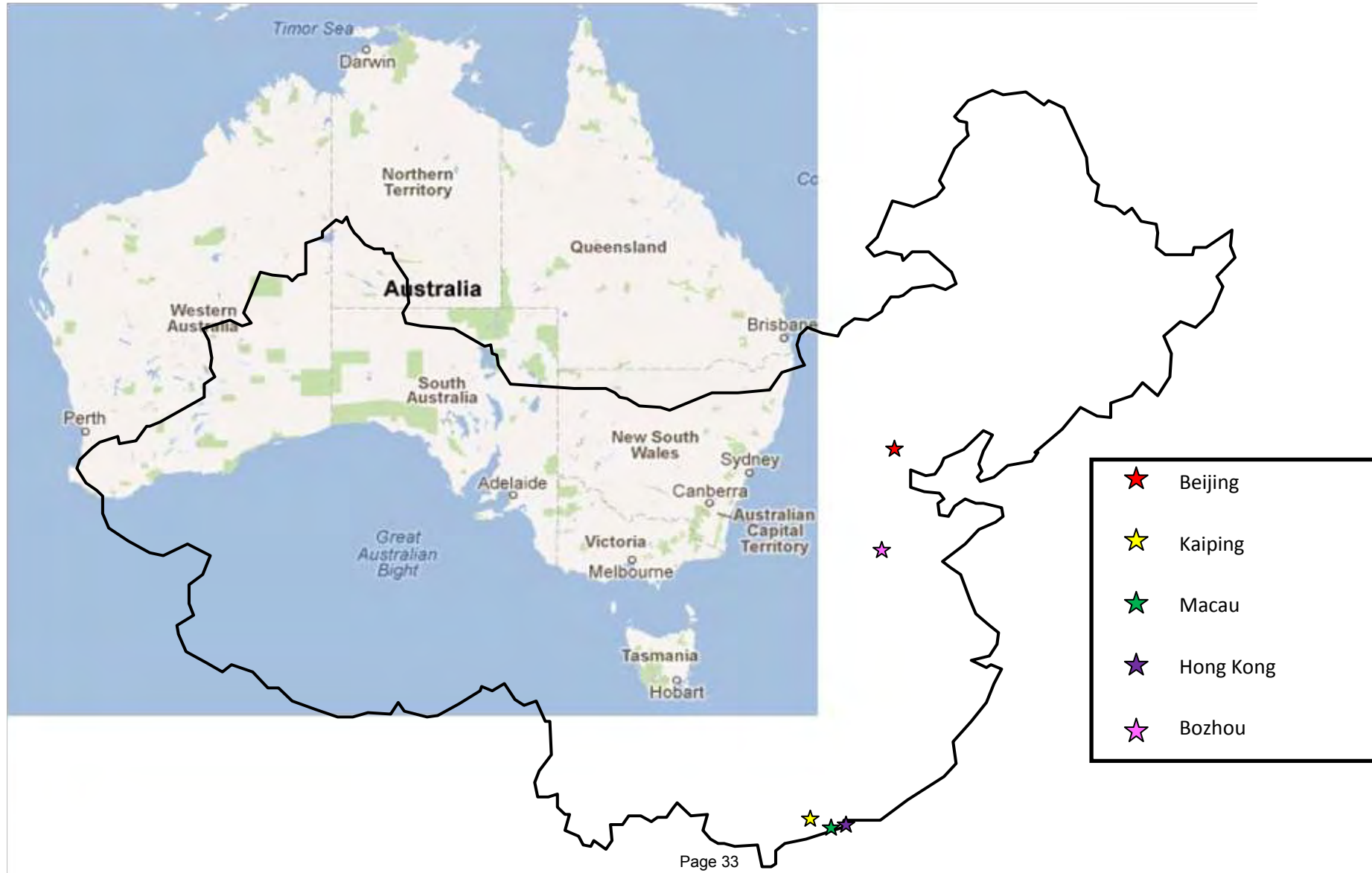
- 10.2.1. Agrees to support the current planned visits by Chinese delegations with appropriate resource allocation (staff and budget; estimated at \$800 – 1,500 per visit), and that appropriate criteria be developed for assessing the value of future requests to host such visits.*
- 10.2.2. Introduces a simple training program to educate Councillors and Officers on appropriate protocol and cultural subtleties for hosting delegations. (Estimated cost - \$1,500).*
- 10.2.3. Invites nominated community and business representatives to form a Hepburn Shire Council – China Opportunity Committee to guide development and implementation of the strategy.*
- 10.2.4. Agrees to sign a Sister City agreement with Bozhou.*
- 10.2.5. Allocates some of the \$10,000 for Cr May to host a small Hepburn Shire delegation of community and business people to visit Bozhou during the International Herbal Medicine Festival in September. Each non council member to pay their own costs.*
- 10.2.6. Council will liaise with the Daylesford Macedon Ranges Region Tourism Board to seek to maximise the inbound tourism benefits of this Sister City agreement.*

Moved: Councillor Rod May

Seconded: Councillor Jonathan Barrell

Carried.

Councillor Bill McClenaghan requested that his dissent be recorded.



**ATTACHMENT 1 - CHINESE CULTURAL AND ECONOMIC
OPPORTUNITIES PAPER, JUNE 2012**

Hepburn Shire Council

Chinese cultural and economic opportunities

JUNE 2012

INTRODUCTION

Background

Hepburn Shire Council has been approached regarding opportunities to host visiting delegations of Chinese Government Officials and business and cultural representatives. In addition, it has been suggested that Council consider the economic, tourism, cultural and community benefits of developing a sister city agreement with a city in the People's Republic of China.

This paper seeks to outline the opportunities that may arise from the hosting of occasional visits by Chinese delegations and the benefits to Hepburn Shire Council and its residents and ratepayers from a formal sister city agreement with a Chinese city.

The paper will also briefly explore Hepburn's Chinese history, an option for a sister city, and most importantly will highlight the actions and resources required to develop and manage a sister city agreement.

Project time frame

This report presumes that Council wishes to clarify its position regarding occasional visits within the next two months. To establish a process for gathering information to allow Council to make a strategic decision regarding long-term options will take 3-6 months. Such a strategy would then allow Council to consider entering into a formal sister city agreement over the following 12 months.

Available documentation

There appears to be no current documents or plans within Hepburn Shire that directly address the need or opportunity to develop a hosting arrangement for

visiting Chinese delegations or a sister city agreement with China. The following documents were reviewed.

- Hepburn Shire Council Plan 2009-2013
- Hepburn Shire Economic Development Strategy 2011-2013
- Creswick Tourism Plan (April 2009)

Within the Council Plan 2009-2013, there are no references within the '*A More Prosperous Economy*' section, or within the '*Healthy Safe and Vibrant Communities*' section that refer to a sister city relationship and the economic, education or cultural opportunities that it might provide.

Within the Economic Development Strategy, there is no reference to China in regard to export or business opportunities.

Likewise, within the Creswick Tourism Plan (April 2008) there is no reference to Creswick's Chinese History in relation to the gold rush, and the historical significance of the approximately 400 Chinese miners that were buried in the Creswick cemetery between 1858 and 1923.

The recent international accreditation of Clunes Booktown also provides an opportunity to be further explored.

However, it should also be acknowledged that the development of a sister city agreement could easily fit within, or correspond to actions and the broad direction within all three plans that were reviewed. It is also acknowledged that an initial, informal meeting has taken place between three Hepburn Shire Councillors, Council Officers and members of various business, community, and stakeholder groups regarding Chinese cultural and economic opportunities. This meeting elicited a positive response from business and community representatives, however it should be understood that not all stakeholders were represented at that meeting.

EXECUTIVE SUMMARY

This project-opportunities paper outlines what is needed to develop a successful engagement strategy and sister city relationship with China. It doesn't seek to advocate an argument for or against such proposals. However, it clearly articulates the financial and physical resources, and the effort that is needed, so that Hepburn Shire Council can make an informed decision and potentially enter into an engagement strategy and a sister city agreement with its eyes wide open. The key points in this paper are:-

- Community consultation is critical before committing time and effort into an engagement strategy and/or a sister city agreement, as there is currently nothing in Hepburn Shire's Council Plan to indicate that it should be a priority.
- If Hepburn Shire proceeds with an engagement strategy and/or a sister city agreement, it should form a community based committee to advise on visits and oversee the sister city relationship to ensure buy-in and direction from the community.
- Kaiping, in Guangdong Province in Southern China, appears to be a logical fit for a potential sister city agreement with Hepburn Shire due to the Shire's historic connection.
- The key benefits that can be achieved from a sister city agreement are Economic Development, Education and Cultural Development, with Tourism emerging as a growing opportunity.
- The benefits of hosting visiting Chinese delegations are less well defined and in some cases will have little or no value, depending on the potential cultural or business connections that may be seeded by such a visit.
- Sister city relationships and dealing with Chinese delegations takes considerable time and effort. Hepburn Shire Council should consider such a strategy to be very long term as it can take several years to establish sufficient *guangxi* (trust and understanding). It is worth remembering that the Rural City of Ararat began initial consideration early two decades ago.
- If a strategy of engagement is adopted, some basic level, appropriate cultural training will be necessary for those involved.
- The most successful sister city relationships are those that are properly resourced with dedicated staff and an adequate budget.

The final point above is critical. Unless Council is prepared to commit a dedicated resource and recurrent budget to a sister city agreement, then it is essentially wasting its time, will be highly unlikely to achieve any meaningful benefits for the Hepburn community and risks damaging the reputation of the Shire for future projects.

KEY PROJECT DETAILS

HOSTING VISITING CHINESE DELEGATIONS

- As far as possible it is important to ensure that the proposed delegations are bona fide business and government personnel otherwise they have the potential to provide little or no real benefit to Hepburn Shire.

- If Council is serious about developing a long-term business relationship with a specific delegation, it would be wise to determine the nature of that arrangement. E.g. know what you want from the relationship. Is it cultural or educational exchange, or is it about export-import opportunities, and if so, what are the reciprocal trade offerings?
- Criteria should be set that identifies possible long-term value from visiting groups. Know what their region specialise in and whether they may be a market for our products. As far as possible, understand what local products might be of interest to them. E.g. woollen products, beef, wine, honey, mineral water, organic vegetables, etc.
- If a delegation wants to come and be 'hosted' in the area, Council policy should require that the delegation stay overnight as a minimum. That way the group will be making a financial contribution (Dining and accommodation) to the area and not just using up Council resources with the visit. The agencies that arrange these visits are paid to provide travel, meals and accommodation.
- If Council see value in establishing long-term relationships it is recommended that action be undertaken soon, as there is increasing competition in this market area. This is a very long term investment in a growing market and may take several years to bear much fruit, but it is potentially a very big market.
- Council should look to budget some small amount in the next few years to allow it to pursue a simple strategic approach. This would include employing a part-time officer or allowing some Council Officers to have some time and funding to project manage the strategy, and for it to be included in the Council Plan, and individual Position Descriptions or Work Plans.
- Advice from experienced Councils suggest that it be policy to provide local translator/interpreters to ensure accuracy of communications and messages. In addition, it would be beneficial for Councillors and Officers to undergo some Chinese etiquette training so as to not inadvertently insult guests.

SISTER CITIES

What's the difference between a sister city and a friendship city?

This depends entirely on what part of the world you are in, with terms such as twin city, friendship towns, partner towns, and bond towns all used in various

locations to describe a cooperative agreement between two towns or cities to promote cultural and economic ties.

In relation to agreements between cities/towns in Australia and China, a 'sister city' agreement is usually more formal than a 'friendship city' and will often have an agreed Memorandum of Understanding (MoU) that outlines the goals and aspirations of the partnership between the two locations, with a focus on regular visits or delegations.

A friendship city is less formal, and while it usually doesn't have a full MoU, it often has a signed agreement that acknowledges the 'friendship' from a single delegation visit, and stems from the interest in China of developing connections with other parts of the world.

Why develop a sister city agreement?

To create opportunities for Hepburn Shire to:

- further acknowledge its Chinese history in relation to the gold rush;
- develop economic ties that might result in export and import opportunities, and investment;
- promote opportunity for inbound tourism;
- build cultural ties;
- establish mutually beneficial educational opportunities; and
- Ultimately build a shared understanding between the respective sister city locations and countries.

What will Hepburn Shire do?

If it chooses to proceed, in the initial development phase Hepburn Shire will need to identify a potential sister city. It will then need to approach and liaise with the Chinese Consulate in Melbourne to establish a formal dialogue, before working in partnership with the administration of the targeted sister city to develop an agreed MoU.

In completing the above, Hepburn Shire will need to be mindful of what it wants to achieve from a sister city relationship in terms of cultural, education and economic benefits. Beyond the establishment of a sister city agreement, Hepburn Shire will be fully responsible for meeting its obligations under the agreed MoU.

How will Hepburn Shire do it?

To achieve the above, Hepburn Shire will first need to undertake the following work:

- Consult with the broader community in relation to the interest and support for a sister city agreement being developed. (Note: this is critical considering the lack of acknowledgement of a sister city project within the existing Council Plan or any other strategic documents).
- If community support exists, update the Council Plan, as well as economic development and other relevant strategies to acknowledge the newly aligned goals in relation to a sister city project.
- Develop a community-based committee to oversee and support Council in managing its sister city relationship, and use the committee to determine the goals to be sought from the sister city relationship.
- Identify an appropriate city in China, based on the goals determined by the sister city committee.
- Provide a dedicated staff resource and ensure an appropriate level of recurrent funding is available to realise the goals of the sister city agreement.

Who will be doing it?

Council will need to determine which area of the organisation will be responsible for managing the sister city relationship. Ultimately the goals identified by Council and the details within the sister city MoU will help to determine the best place within the organisation for the project to be coordinated from.

It is likely that a dedicated resource should be placed within the Sustainable Development Department, aligned with Economic Development and Tourism.

How long will it take?

The establishment of the sister city agreement is likely to take 6 to 12 months to complete, with the project then being ongoing in order to meet the obligations of the MoU and the overall goals of the Shire. To begin to realise strong measurable benefits may take five to ten years.

How much will it cost?

The recurrent cost of entering into a sister city agreement is entirely dependent on the goals and aspirations outlined within the agreement's MoU.

Generally, most sister city agreements result in the two parties undertaking an overseas delegation on an annual basis, or at very least every two years. If the respective cities also have strong expectations about building economic development opportunities, then an annual delegation should be seen as a bare minimum, and more than one visit per year to China would be preferable.

Generally, when planning delegations, Australian sister cities that visit China will usually pay for their own flights to and from China, while the Chinese sister city will pick up accommodation and most internal costs such as transport and food etc. However, Chinese delegations visiting Australia usually cover all their own costs, including accommodation, unless otherwise agreed.

In terms of recurrent costs, based on the advice and experience of other Local Government Authorities that have been active with sister cities, the potential costs are as follows:

- minimum staff resource required is 0.4EFT to manage an ongoing sister city relationship, which equates to Staff member, 0.4EFT \$25,767 pa (includes on-costs) at a Band 5 equivalent.
- A specific project in the area of economic development or education could require more resources (Note: Ararat Rural City committed a staff member 0.6EFT to coordinate the development of a wine cooperative and wine export program to China).
- The absolute minimum suggested recurrent budget is approximately \$20,000 annually on top of the 0.4EFT salary, but this can fluctuate considerably depending on the number of overseas delegations undertaken as part of the agreement.
- What about the \$10K mentioned in the report?

AN OPPORTUNITY TO CONSIDER?

Hepburn Shire already has a strong Chinese connection that dates back to the 1850's gold rush, when significant numbers of Chinese miners from the Guangdong province, particularly Kaiping, in southern China descended on the goldfields.

It is believed that as many as 4,000 Chinese were in Creswick at the height of the gold rush, with lesser numbers also being present in Clunes, Daylesford and other locations within the Shire. This legacy is reflected in the Creswick cemetery where approximately 400 Chinese were buried between 1858 and

1923. The Chinese have a very strong devotion to their ancestors and annual celebrations honouring their forebears are common. Having an historic connection with a sister city provides an ideal opportunity to quickly develop shared goals, aspirations and understanding.

An historic connection can also assist to develop what the Chinese call 'guangxi' which translates as trust and understanding. Guangxi is very important to the Chinese, particularly in relation to business, and can take years to develop. Having a common history between the sister cities can help to develop guangxi, as will a clear and consistent effort made early in the sister city relationship.

SPECIFIC PROJECT CONSIDERATIONS

If Hepburn Shire was to pursue a sister city agreement, Kaiping would appear a logical opportunity to consider, based on historical connections and common interests. While Kaiping has a long-standing sister city agreement with the city of Mesa in Arizona, United States, it does not yet have a sister city in Australia.

Like Hepburn Shire, Kaiping boasts a strong tourism industry, and like many Australian goldfields towns, Kaiping is similarly well represented with significant historical buildings from the era. These are known as 'diaolou' which were partly a legacy of gold rush wealth flowing back into China. These buildings reached a peak in construction during the late 1800s and early 1900s to protect local residents from bandits. Kaiping has a population of more than 700,000 people within an area of 1,659 square kilometres and is located about 60 kilometres from the city of Taishan, which has a highly successful sister city agreement with nearby Ararat Rural City that was also forged through a shared gold rush history.

PROJECT OBJECTIVES

For a sister city agreement to have value for Hepburn Shire, it is logical to expect that the outcomes are relevant to the local community and the local economy so that residents and ratepayers see value for money in entering into a sister city agreement and then meeting the obligations of that agreement.

For that reason, the objectives of a sister city agreement should cover some of the following.

TOURISM

Promotion of Hepburn Shire as a tourism destination for the Chinese: Australia is among the tourist destinations preferred by the Chinese. A major worry of the Chinese Government is that tourists may overstay their visas or claim refugee status on arrival (The Economist, 2002). Australia, along with New Zealand and a number of other countries, has Approved Destination Status (ADS) with the Chinese Government. ADS was established between Australia and China in 1999 and under the scheme, China sets out-bound quotas for packaged tours organised by state-owned travel agencies, whose function is to ensure nobody in their group absconds.

There are 50 Australian-based agents which are approved by the Minister for Tourism to participate in the scheme, while in China there are currently 91 travel agents participating in the scheme.

Since 1999, the numbers of Chinese tourists travelling to Australia has grown significantly. Tourism Australia Statistics show that in 1999, some 93,000 Chinese travelled to Australia, staying an average of 36.5 nights, and spending around \$6,214 per person. By 2010, the figure had grown to 454,000, and the average length of stay has also grown to 53.7 days per person. While length of stay and visitor spend is forecast to drop slightly over the coming 10 years, the annual number of Chinese travelling to Australia is expected to balloon to more than 950,000 per year by 2020.

In 2011, *'... the Chinese became Australia's most valuable foreign tourism market, with 542,000 arrivals, a rise of nearly 20% and almost quadruple the number who visited a decade ago.... they outlaid around \$3.5 billion in 2010-11, more than the British or Kiwis, who both visit in larger numbers.'*¹

The Chinese tourism market represents a significant opportunity for Hepburn Shire thanks to its strong tourism product and proximity to Melbourne and this

¹ The Australian – Cameron Stewart, February 18, 2012.

opportunity could be enhanced through direct contact with ADS approved agents both in Australia and China to encourage the inclusion of Hepburn Shire as a travel destination within packaged tours. An additional strategy would be to engage with the many Chinese students that study in Melbourne.

The attached Tourism Australia statistics provide a further detailed insight into the specific tourist segments within the Chinese market.

ECONOMIC DEVELOPMENT

Business development and export/import opportunities:

Due to the size of the Chinese economy and the considerable growth in its business sector, China represents both a huge opportunity for Australian business and exports, and also a great competitive challenge due to its low manufacturing costs.

A sister city arrangement provides a unique opportunity for businesses in Hepburn Shire to get access to the Chinese market via a government to government relationship, which can be critical in opening doors in China. For economic development opportunities to be created, Hepburn should carefully consider its unique economic strengths and whether its products or specialist services are available or represented within China.

The opportunity could also exist through a sister city agreement to support Hepburn Shire-based businesses to access technology and product from China that could be sold in Australia. But much the same as with exporting, there would need to be strong interest from the local business community to want to pursue this kind of opportunity and participate in delegations to China to source product.

As an example, Ararat Rural City has developed a unique local wine cooperative in the Grampians-Pyrenees region that has created a blended red wine to suit the Chinese palate. The cooperative now exports this wine directly to China through a business partnership that was facilitated by Ararat Rural City's sister city agreement with Taishan.

It is known that several Hepburn businesses are already actively trading with China, and others are seeking information on potential opportunities. In addition, Hepburn Shire Council has been offered the advice and services of Mr Henry Gunstone, Director of the Australia-China National Association and former Council Officer with Ararat Rural City.

EDUCATION

Teacher and student exchanges:

Education is an area that represents quick and easy wins through a sister city relationship, providing opportunities for teacher and student exchanges and encouraging buy-in from local schools and the community.

Within the Grampians and Central Highlands region, a number of education-based programs with China have been operating successfully for many years. Stawell Secondary College runs an ongoing placement program for Chinese high school students that allow the students to study in Australia for a semester, being placed with a local host family during their stay. This program was set up independently by the school and has strong local support within the Stawell community, helping to expose Australian families to Chinese culture.

Ararat Rural City, through its sister city committee, set up a program with local primary schools in and around Ararat to develop a teacher exchange that sees a Chinese teacher spend a year in Australia to teach. This program has been running for more than a decade, and has also involved Ararat teachers spending time in Taishan to teach at the Taishan Number 1 Middle School.

Ballarat University has also undertaken a program that was facilitated through Ararat's sister city relationship with Taishan, creating opportunities for University of Ballarat students to undertake work placements in Taishan as part of their teaching degree.

In addition to these structured programs, the opportunity exists to undertake one-off visits between schools, facilitated through sister city relationships, as a learning opportunity for Hepburn students and their families.

As the National Broadband Network facilities become more readily available, a lot of exciting new activities will be possible for student and teacher exchange programs.

CHALLENGES AND PITFALLS

As with any type of project, there are challenges and pitfalls attached with sister city agreements. It is important to at least acknowledge these and be mindful of them when working through a potential project of this type.

Delegation overload:

A sister city agreement may result in an increase in requests from other parts of China for delegations to visit. Council needs to be clear with its expectations and commitment to manage this. These delegations can result in no meaningful economic or cultural outcome, but chew up valuable time and resources. The only benefit may be a small amount of accommodation, but often they come and go in a single day, resulting in a lot of work and organising effort for no real outcome.

Identity theft:

Councils that agree to host visiting delegations from China (non-sister city visits) are often asked to provide letters of support that confirm the details of their hosted visit and the meetings or site tours that will be undertaken. These letters are used to verify the reason for the trip to Australia and to assist the Chinese with gaining a Visa for the trip. However, it has been known that some Chinese based tour companies use council logos, names and signatures from these original letters to produce new letters for Visa applications for other delegations, without the knowledge of the Council.

Lost in translation:

Most Chinese delegations (as explained above) come as part of an organised tour group and usually bring their own translator. Often the English of the translator can be quite poor, and it is not uncommon for the translations to be incorrect or inaccurate which can cause difficulties and a lack of clarity when hosting delegations.

Sticking to the plan:

When on a delegation to China attendees can be subjected to itineraries that are long and very demanding.

Be prepared to wait:

Whether it's something as small as a delegation meeting or as big as a project, time management is critical to ensure realisation. Simply translating language and organising visitor groups across multiple meetings and locations can be time consuming.

Come bearing gifts:

Chinese delegations will always bring gifts, so be prepared to accept them, and be prepared to do the same if you visit China. Council should also decide the nature and approximate value of exchange gifts for visiting delegations ahead of time. Gifts that are particular to the region are best, but not always practical to carry on international flights. The provision of gifts adds to the costs associated with such ventures.

Expect the unexpected:

It is not unusual for a delegation visiting from a non-sister city area to produce a document, or agreement as a ceremonial act to sign with the Mayor of an Australian Council. Usually they are nothing more than a 'friendship' document that acts as a memento or item that the delegation can take back to China.

However, sometimes it might be a more serious document that is asking you to sign up to a more formal agreement. It always helps to know what you are signing and to be prepared to have your own translator present to ensure you are clear on what is happening and what the document says. It may be necessary for Council to have a standard policy on how such agreements will be managed. If it is likely to be a major source of embarrassment, Council might like to consider having an approved version of their own available as an alternative.

HOW TO? A PROJECT PLANNING APPROACH

To achieve some of the opportunities highlighted in this document, it will be critical to develop an effective community-based committee to help drive the sister city partnership. Likewise, choosing an appropriate sister city, developing a Memorandum of Understanding, and allocating resources are all critical steps in the first 12 months of the project.

The logical next step, and arguably the most important to get the project running effectively and consistently would be the development of a five-year action plan to help guide the work of Hepburn Shire staff, the direction of the

Sister City Committee, and the allocation of ongoing resources to support the project.

Once the initial set-up work is complete, a project action plan should be developed and represented in a way that it is clear, concise and flexible, with measurable outcomes. It should include:

One long-term goal to be achieved in a 5 to 10 year time frame, being:

One key project or outcome that will be targeted for the broader Shire, and which has currency right across the Shire, particularly in locations where there is a shared Chinese history, such as Daylesford, Creswick and Clunes. This goal or targeted outcome should link directly to both the council plan, and the appropriate department plan (for example, the Economic Development plan).

A clear link to the Central Highlands Regional Strategic Plan would also be beneficial, and these links will provide critical support in aligning with council budget allocations and State-based funding programs.

Multiple 2 to 3-year goals, being:

Medium sized projects that are specific to the sister city relationship and will assist in developing 'guangxi'. These goals should cover a range of opportunities in business, education and culture, and link directly to delegation visits between the two sister cities. These goals may also form a sub-set of the long term 5 to 10-year goal, playing a part in achieving a larger outcome.

Multiple short term 1-year goals, being:

Quick and achievable actions that can fit within a one-year time frame and help with the establishment of an understanding between the two sister cities. This could be something as simple as a Chinese language page and welcome message on the Hepburn Shire website. These actions should also be used to generate 'buy-in' from the local community, and should be sourced from multiple contributors outside of the Hepburn Shire organisation, preferably via the Sister City-Committee.

It will be the short term goals that will be critical in allowing some 'early wins' to gain the community's trust and confidence in the project, not to mention the trust of the sister city. Ensuring a focus on short term, medium term and long

term goals will also enhance the project's ability to operate at both a strategic level with Councils and the State Government, and at a local level through being responsive to immediate community needs. But bear in mind that due to the complexities of sister city agreements, and the challenges of cultural and language differences, projects will often take much longer to complete than might be expected.

BASIC PROJECT DELIVERABLES

Aside from delivery of the agreed action plan, the following project deliverables are recommended.

- Regular reporting from the Sister City Committee to Hepburn Shire Council.
- Regular reporting from the Shire sister city project officer to both Council and the Sister City Committee.
- Development of regular media releases and updates regarding project outcomes.
- Other deliverables as identified.

PROJECT COSTS

In the context of this report, it is very difficult to determine accurate project costs, as the required financial and physical resource will depend greatly on the detail outlined within the Memorandum of Understanding, plus the subsequent action plan that should be developed once the sister city agreement is in place and the relationship is up and running.

However, as previously highlighted within this document, there are other examples of Local Government entering into Sister City agreements. Ararat represents a good comparison for Hepburn to consider, as a close neighbour Council within the same State Government region. Both Ararat and Hepburn share similar gold rush histories with China, and if Hepburn was to pursue a sister city agreement with Kaiping, they would share sister cities within close proximity in southern China (Guangdong province). Based on the Ararat experience, it is realistic to factor in the following ongoing costs for a sister city relationship:

- **Staff resource:** minimum 0.4 EFT (at minimum Band 5) (approx \$30K)
- **Recurrent budget:** \$20,000 per annum.
- **Visiting Delegation Hosting:** \$10,000 per annum.

(Note: specific projects may require more budget and greater staff allocation, but these can be planned for in line with an agreed strategic implementation plan)

A detailed line item budget should be prepared each year to align with the five-year action plan, and should also target funding opportunities.

Conclusion

The development of a sister city agreement provides an exciting opportunity for Hepburn Shire, and one that offers unique and rewarding benefits. But it is critical that the potential that exists is balanced against the need to adequately fund and resource such an agreement and to develop an appropriate governance structure to support it, otherwise it will simply chew up your current resources for little benefit.

It is an obvious advantage that Hepburn has an historic connection with China. It is also a benefit that a councillor and several businesses have established some significant experience in dealing with China.

Ultimately, the true value of the project will be the quality of the relationship that is established and a genuine level of trust and respect between the two sister cities. If it can be achieved, it will be this trust and respect, or what the Chinese call 'guangxi' that will help to shape the greatest outcomes for Hepburn Shire.

**ATTACHMENT 2 - THE CHINESE TRAVELLER – SEGMENTATION OF
THE CHINESE MARKET – TOURISM AUSTRALIA**



The Chinese Traveller

Segmentation of the Chinese market



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Background

Tourism Australia recognised the need for a ground up review of our understanding of the Chinese traveller in 2005. The main feature of this review was a major segmentation study of the outbound traveller market.

One of our key findings was rigidly defined socio-demographic segmentation is much less relevant in China than it used to be. Much like all other inbound markets, segmentation based on attitudes to life in general and tourism specifically, is considered more informative and therefore valuable for marketing purposes.

This fact sheet provides an in-depth profile of the different attitudinal segments we found and is one of a series of documents created to increase your understanding of long haul travellers in China (for more information on the document suite, see the end of this document).

This fact sheet gives a detailed overview of the segments in this market and practical information profiling each group including:

- Demographic profiling of each segment
- Approach to long haul travel
- Perception of Australia
- What inspires them
- How to reach them in the media

- Timeline for planning their holidays and the sources they use when planning
- Travel profile
- Holiday activities of interest
- Long haul destinations that come into consideration

Not all the segments identified will be actively targeted by Tourism Australia's global marketing activities. Tourism Australia's global brand campaign is targeting a global communication segment called the Experience Seeker. Communications designed to appeal to the Experience Seeker will also motivate many of the segments identified in China (for more information refer to the Experience Seeker fact sheets).

The information contained in this fact sheet provides important insight into the product/activity needs of specific segments including:

- Creating a strong and effective offer
- Crafting marketing messages for greatest effect
- Identifying segment specific marketing opportunities
- Optimising the effectiveness of communications plans
- Getting inspiration for new product ideas



Segmentation helps us to:

1. Maximise the return on investment of our marketing activity

Segmentation helps us to identify segments in the Chinese market where the return on investment for our marketing dollar will be greatest. By profiling the market segments, we can identify which segments will be most receptive to what Australia has to offer, which will provide the greatest yield, and which are most likely to disperse. Our marketing activity can then be directed at those segments, rather than at the market as a whole and we can better direct our marketing funds by more efficient targeting.

2. Understand the composition of the market better

By segmenting the market we can understand the composition, or groups that exist in the Chinese travel market better. We begin to appreciate why travellers visit Australia and why they don't. We identify which travellers are most likely to come here, and which travellers won't. We learn how they plan and book their holidays, where they get information, what they like to do on holiday and much more. All this information helps us to develop more effective marketing campaigns and more attractive tourism products.

3. Communicate more effectively to our target segments

Psychographically based segmentation is based upon the emotional and rational motivations that drive people's travel choices. It also provides us with insight into where the segments look for travel information and what media channels they pay most attention to. This information enables us to develop marketing communications campaigns that are specifically designed to reach our target segments and to communicate messages that they find powerful and motivating.

What segments are there in the Chinese market?

There are many ways to segment a market: by life-stage, attitudes, needs, behaviours or just about any other consumer characteristic you can imagine. The best segmentations have these aspects in common:

- The segments are easy to identify and access in the marketplace;
- They are sufficiently large, valuable and distinct to justify a dedicated marketing strategy;
- The segments are sustainable over time

In this case, the segments were determined using two criteria; the horizontal axis indicating the level of experience and interest in long haul travel and the vertical axis indicating the respondent's preference towards challenging themselves when travelling. These two criteria were chosen as they were seen as core attributes of those likely to visit Australia.

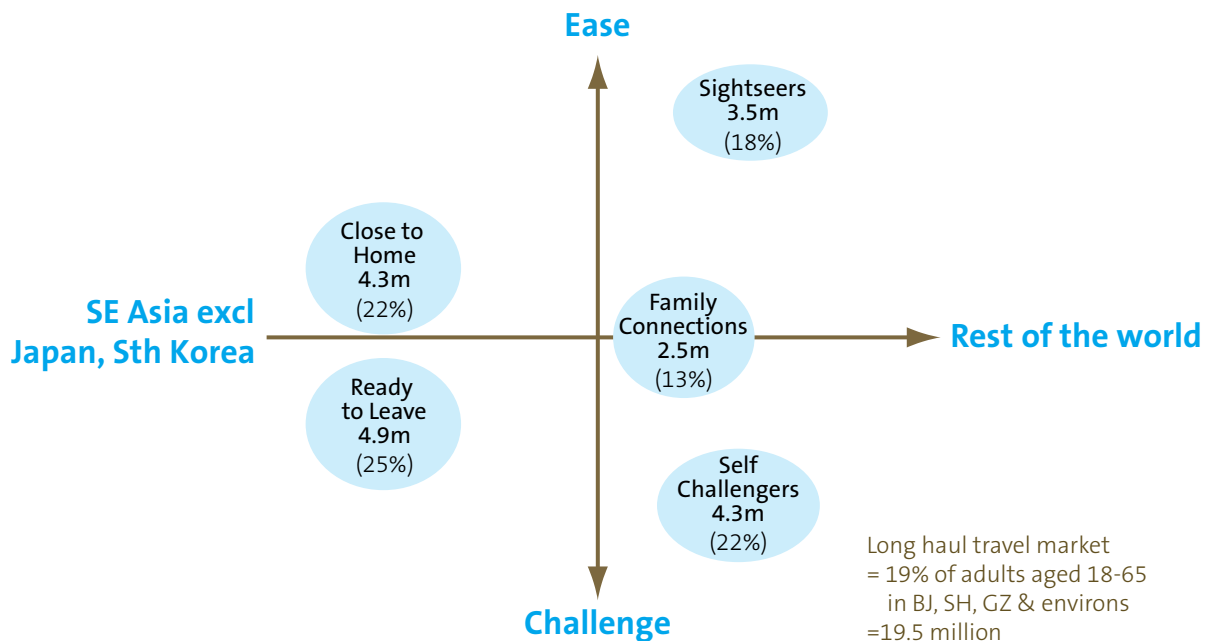
Given the various factors that come into consideration when choosing a travel destination, the position of each segment was determined using a combination of emotional, attitudinal and behavioural elements.

In segmenting the Chinese travel market we looked to develop a segmentation model that could provide the foundation for a full range of marketing programs and strategies including brand communications, media planning, promotions, public relations, product development and our international media programs.

Taking these factors into account, we identified five distinct segments in the Chinese long haul travel market:

- Self-Challengers
- Family Connections
- Sightseers
- Ready to Leave
- Close to Home

These segments are distinguished by their travel experience on the one hand, and their attitudes to travel and the style of travel experience they seek on the other. Almost every long haul traveller in China can be allocated to one of the five segments we've identified. Together, the five segments account for more than 19.5 million people.



Over the next few pages, we'd like to introduce you to the five segments and share with you the key characteristics that set each segment apart from the rest of the long haul market in China.

Self-Challengers

“Don’t always think you are the outsider - try to go into their lives.” Male, 27, Guangzhou

Segment highlights

Segment size	4.3 million long haul travellers / 22% of the long haul market
Heart of the segment	An inner drive to immerse themselves in other cultures through travel and learn about themselves and the world
Profile	<p>Compared to other long haul travellers in China, Self-Challengers:</p> <ul style="list-style-type: none">• Are mostly married, however those who are single are more likely to be living alone• Are the most likely to be University educated• Those who are single have the highest personal income• Are the most likely to work for an international company, and are the least likely to work for a state enterprise or local company• Are more likely to own a car, digital camera/video camera• Are more likely to have an internationally recognised credit card• Have the highest competency in the English language• Have a range of interests which are more likely to include fitness, dancing, going to bars and coffee shops, racquet sports and making home movies• Are more likely to be between 25 and 34 years of age
Approach to long haul travel	<p>Self-Challengers live to travel. They like to get ‘under the skin’ of a destination and experience the true culture and people away from the tourist trail.</p> <p>Their confidence as travellers and desire to seek memorable experiences drive their interest in travelling independently, without the assistance of a guide.</p> <p>Not restricted by financial barriers, their drive for understanding worlds different to their own leads them to consider a wider range of destinations and accounts for a particular interest in western destinations. Visiting friends and family is not a strong influence in their choice of destination.</p>
Australia as a destination	<p>Australia is viewed very favourably by Self-Challengers. There is moderate enthusiasm for Australia, although for those ‘in the know’ the response is stronger.</p> <p>Self-Challengers are more likely to disagree with rational barriers such as distance and the expense involved with travelling to Australia. Australia’s famous sites, natural phenomena and famous beaches are also key drivers among this segment.</p> <p>Those who have visited Australia are more likely to return to Australia than among other segments of the Chinese market.</p>
What inspires them?	<p>When deciding where to go on their next holiday, Self-Challengers are more likely than other long haul travellers to be inspired by:</p> <ul style="list-style-type: none">• Travel books• Business connections• Reading/hearing about explorers <p>Self-Challengers are also inspired by friends and family who have visited the destination.</p>

“I want to go to their market and see what they use daily, what vegetables are there, what food they eat.” Female, 42, Beijing

How do I reach them in the Media?

Self-Challengers media preferences include:

- They are slightly less likely to read the newspaper daily. When reading the newspaper they are the most likely to always read the international, economic and industry news, motor, property and collections sections
- The most popular newspaper publications among Self-Challengers include Guangzhou Daily, Beijing Evening News and Xinmin Evening News. They are less likely to read the Shanghai TV
- Self-Challengers watch the least amount of TV. However, in comparison to other segments they are more interested in international news and sports programmes, National Geographic and the Discovery Channel
- CCTV is the most popular news network. Other popular network include Beijing Satellite, SH TV Great Sports, Jade, GZTV and ATV Chinese
- Interest in magazines is consistent with the overall long haul travel market however; Self-Challengers are more likely to read literature and art magazines
- Interest in the radio is also consistent with the broader long haul travel market. The top radio stations nationally among Self-Challengers include CNR 1, BJ Music Channel, DF Music and CRI
- Self-Challengers spend the most amount of time per day using the internet and are more likely to have internet access in their home. They are more likely use google.com and hotmail.com than other long haul travellers

Planning timeline

Self-Challengers begin the planning process and arrange flights and accommodation at similar points in the process to other long haul travellers:

- Start planning: 16 weeks before departure
- Book flights: 4 weeks before departure
- Book accommodation: 3 weeks before departure

Planning sources

When planning a long haul holiday, Self-Challengers use similar sources to the overall long haul market. Internet travel sites and tour operators are common sources used when planning holidays.

Self-Challengers are more likely to use friends or relatives living at the destination for research on the destination, however are less likely to get pricing information from CNTA.

Travel Profile

On a long haul holiday, Self-Challengers:

- Are more likely to travel alone
- Are less likely to travel in a group of 6 or more people
- Stay in moderate hotels (2/3 stars) or luxury hotels

"I associate Australia with leisure and fashionability." Female, 42, Beijing

"I'd like to live with the locals...experience ordinary Australian life." Female, 32, Guangzhou

Holiday activities

Self-Challengers have a wide range of interests and are more likely than other travellers to plan their holiday around:

- Going to clubs/bars/nightclubs
- Winter sports
- Cycling

When on holiday, they are more likely to:

- Attend live theatre or musical performances
 - Enjoy the nightlife (bars/night clubs)
 - Explore the backstreets
 - Get to know the locals
 - Relax by a pool or at the beach
 - Participate in water sports
-

**Long haul destinations
(other than Australia)
they would really like to
visit / seriously consider
going to**

Other long haul destinations of interest include:

- | | | | |
|------------|---------------|---------------|----------------|
| • France | • Germany | • India | • Africa |
| • USA | • New Zealand | • Switzerland | • The Maldives |
| • Finland | • Sweden | • Turkey | • Ireland |
| • Portugal | • Norway | | |

Family Connections

"I would only take a long holiday if I was invited by a family member. My younger brother lives abroad in Australia and I went for three months and saw all the nice touristy places." Female, 46, Shanghai

Segment highlights

Segment size	2.5 million long haul travellers / 13% of the long haul market
Heart of the segment	Holidays are driven by family connections beyond all others
Profile	<p>Compared to other long haul travellers in China, Family Connections:</p> <ul style="list-style-type: none">• Have a higher than average household income• Are more likely to work for a JV company and less likely to work for the Government• Are more likely to own a car and a digital camera/video camera• Have one of the higher competency levels in English• Have a range of interests that are more likely to include golf• Are more likely to live in Shanghai
Approach to long haul travel	<p>Family Connections are not avid travelers. Without the crutch of family or friends, long haul travel holds little appeal for this group and does not play a major role in their life.</p> <p>While they hold some desire to experience what the destination has to offer, they are not interested in fully immersing themselves in the local culture. They are more interested in the big city, famous brands and celebrity culture of destinations, than exploring the true nature of the destination.</p> <p>Not concerned with seeing the sights, their need for recommendations and advice defines their low level of interest and independence.</p> <p>Notably, while not placing much emphasis on seeking value for money from their holidays, the cost involved in getting to a destination (including their ability to use frequent flyer points) does play a role in determining whether to visit a destination or not.</p>
Australia as a destination	<p>Australia is viewed very favorably by Family Connections however this is generally led by the family/friends connection at the destination.</p> <p>Australia is viewed as good for shopping, not overly expensive and a destination that would affect them in a positive manner. Family Connections who have visited Australia are more likely to visit again than other long haul travelers.</p> <p>In contrast to this, some possible barriers that are more likely to be seen by Family Connections include Australia being too far away and expensive to travel to, being more suited to young people and lacking the heritage of destinations such as Europe.</p>
What inspires them?	<p>Family Connections are more likely than other long haul travelers to get inspiration from colleagues or business contacts at the destination.</p> <p>In contrast to this, they are less likely to be inspired by:</p> <ul style="list-style-type: none">• Friends who have visited the destination• TV documentaries• Travel programmes

"I will try the local food, but just a few meals as we are not so used to that. Then afterwards go back to Chinese." Male, 40, Guangzhou

How do I reach them in the Media?

Family Connections media preferences include:

- Family Connections spend less time per day reading the newspaper. They are less likely to always read the local news, fashion, food, law and technology sections. Some of the more popular newspapers among this segment include the Guangzhou Daily, Beijing Evening News and Xinmin Evening News
- They watch less TV than other segments of the Chinese market and are less likely to watch travel and leisure programmes, regional profiles, interviews, the Discovery Channel and music programmes.
CCTV is among the more popular TV networks in Beijing. In Shanghai, the more popular channels include East Movie Channel, Oriental TV Arts & Ent. and Oriental TV News & Ent. In Guangzhou, the most popular channels include GD Satellite, Jade and GZ TV Movies
- Interest in magazines is consistent with the overall long haul travel market however; Family Connections are less likely to read literature or art magazines.
- Interest in the radio is also consistent with the overall long haul travel market. The top stations in Beijing include BJ Traffic, BJ Music and BJ Art/Literature. The top radio stations in Shanghai include DF Music 101.7, DF Music, 103.7 and DF News 104.5. In Guangzhou the top stations include GD Music, GD Zhuijiang and GD Traffic
- Family Connections spend less time per day using the internet and are less likely to read newspapers online. However, they are more likely to use the internet for shopping for products and services. Popular websites among this segment include sina.com.cn, sohu.com and 163.com. They are less likely than other travellers to access baidu.com
- They go to the cinema slightly more often than the average long haul traveller

Planning timeline

Family Connections begin the planning process and arrange flights and accommodation at similar points during the process to other long haul travellers:

- Start planning: 17 weeks before departure
- Book flights: 4 weeks before departure
- Book accommodation: 3 weeks before departure

Planning sources

When planning their holidays, Family Connections use the internet throughout the process, including booking accommodation and flights. Friends and family living at the destination also assist throughout the planning process. They are more likely than other travellers to get pricing information directly from the airlines (either by internet or phone).

They are less likely to book accommodation as part of a package and more likely to organise only their flight prior to departure.

Travel Profile

On a long haul holiday, Family Connections are more likely to:

"I have some good friends in Australia. It's a stress free, casual country - a big place. I'd like to try the wines." Male, 35, Beijing

- Travel with their children
- Travel with a club or association
- Stay in a range of accommodation including staying with family and friends

They are more likely to take shorter trips than other long haul travellers.

Holiday activities

Family Connections are more likely to visit friends and family when on holiday. Moreover, they are less likely than other travellers to plan their holidays around:

- Sampling the local food and wine
- Shopping at local markets
- Shopping for local products
- Beach walking
- Sunbathing
- Enjoying the natural environment

When on holiday, they are less likely to:

- Shop for local products
- Visit historic sites
- Attend live theatre/musical performances
- Get to know the locals
- Visit local markets
- Sample the cuisine
- See wildlife in their natural environment
- Go on guided tours
- Participate in water sports

Long haul destinations (other than Australia) they would really like to visit / seriously consider going to

Other long haul destinations of interest include:

- | | | | |
|------------------|----------------|----------|-----------|
| • France | • Germany | • USA | • Italy |
| • Hungary | • UK | • Canada | • Austria |
| • Czech Republic | • The Maldives | | |

Sightseers

"I will have to see those famous places, the more the better, then I can take pictures and show my friends." Male, 34, Beijing

Segment highlights

Segment size	3.5 million long haul travellers / 18% of the long haul market
Heart of the segment	The guarantee of seeing world famous sights in a comfortable, secure fashion and the public status that this confers
Profile	<p>Compared to other long haul travellers, Sightseers:</p> <ul style="list-style-type: none">• Are more likely to be male and married• Are more likely to be parents• Have a higher personal and household income• Are more likely to own their own house or flat outright as well as a digital camera/video camera• Are more likely to have an internationally recognised credit card• Have a range of interests which are more likely to include going to the theatre• Are more likely to live in Guangzhou• Are less likely to be between 18 and 24 and have the highest average age of all segments (39)
Approach to long haul travel	<p>Sightseers look for holidays where they can enjoy the sites of a destination without forgoing the luxury and amenities they are accustomed to.</p> <p>Not interested in immersing themselves in a destination or getting to know the locals and their culture, Sightseers are interested in visiting destinations that are safe and affirm their position in society. They are constantly looking for endorsement of their choices and the ability to share their experiences with those at home. Seeing the sights (safely) confers bragging rights and gives them public status.</p> <p>Not interested in adventure and more concerned with being looked after and pampered while on holiday, Sightseers lack confidence as travellers and are more interested in group travel as long as this affords them a certain degree of independence.</p>
Australia as a destination	<p>Australia is viewed quite positively by Sightseers, with a high level of willingness to believe Australia is a welcoming destination and somewhere that would interest them. Sightseers are more likely to consider visiting Australia than other segments.</p> <p>Sightseers are more likely to feel that Australia has many "must see" sights and is a comfortable and safe travel destination. There is a feeling that there is a range of travel opportunities in Australia that would appeal to people of all ages.</p> <p>In contrast to this, Sightseers are not as interested in getting to know the locals.</p> <p>Interestingly, Sightseers are more likely to feel Australia is too big for just one holiday, yet those who have visited Australia previously are less likely to visit Australia again.</p>

“The tour can guarantee that I pack in as many things as possible, and they would be there to give explanations, otherwise how can I understand what I have seen?” Male, 55, Guangzhou

What inspires them?

When deciding where to go on their next holiday, Sightseers are more likely to be inspired by:

- Friends who have visited the destination
- Specialist travel magazines
- Magazine or newspaper articles

Other forms of inspiration among Sightseers include brochures and advertisements from tour companies.

How do I reach them in the Media?

Sightseers consume a range of media including:

- They spend more time reading the newspapers each day and are more likely to always read the local and national (Chinese) news sections. The most popular newspapers among Sightseers include the Guangzhou Daily, Xinmin Evening News and Beijing Evening News
 - Sightseers watch an average amount of TV, however they are more likely to watch international and domestic news programmes than other long haul travellers. They are the least likely to watch cartoons or children’s programmes
 - CCTV is the most popular TV network in Beijing. SH TV Young, Oriental TV News & Ent. and CCTV are the most popular channels in Shanghai while the most popular channels in Guangzhou include Jade, GZTV and ATV Chinese
 - Interest in the radio and magazines is consistent with the overall long haul travel market however; Sightseers are less likely to listen to DF Music FM 101.7
 - They use the internet less often than other long haul travellers. They are less likely to use the internet at an internet café or to listen to or download music. They are less likely than other long haul travellers to use google.com or tom.com
-

Planning timeline

Sightseers begin the planning process and arrange flights and accommodation at similar points during the process to other long haul travellers:

- Start planning: 15 weeks before departure
 - Book flights: 4 weeks before departure
 - Book accommodation: 3 weeks before departure
-

Planning sources

Throughout the planning process, Sightseers deal with tour operators to plan their holidays. Local travel agents are also used when it comes to booking accommodation. Sightseers are more likely to source flight availability through tour operators or directly through airlines online than other long haul travellers.

Other sources of planning include internet travel sites when booking accommodation.

Sightseers are more likely to organise flights, accommodation, meals and tours/activities in advance and are less likely to organise only flights or flights and some accommodation. They are also more likely to book accommodation as part of a package.

Travel Profile

On a long haul holiday, Sightseers are more likely to:

- Travel as part of an organised group tour
- Travel with 6 or more people
- Travel for a longer period of time

Moreover, they are less likely to travel alone or stay with their family at the destination.

“I will definitely follow the guide, I don’t know anything there, what if I get lost?!!” Female, 40, Beijing

“In France, definitely buy those miniature Eiffel Towers; and in Holland those wood shoes key chain. That shows I have been there!” Female, 45, Shanghai

Holiday activities

Sightseers have a wide range of interests and are more likely than other travellers to plan their holiday around:

- Shopping for local products
- Visiting local markets
- Shopping for famous local brands
- Photography
- Wildlife experiences
- Going to clubs, bars or nightclubs
- Sailing/harbour cruises
- Visiting family

When on holiday, they are more likely to:

- Visit famous landmarks
- Visit historic sites
- Go on guided tours

Long haul destinations (other than Australia) they would really like to visit / seriously consider going to

Other long haul destinations of interest include:

- France
- Germany
- USA
- New Zealand
- Brazil
- Italy
- Holland

Ready to Leave

"I have been to Japan so I think Korea and Japan are more or less the same. Basically all the countries are the same in Asia; they are all black eyes and yellow skin." Female, 27, Shanghai

"Usually we would travel within Asia. But the things outside Asia will be very different." Male, 23, Shanghai

Segment highlights

Segment size	4.9 million long haul travellers / 25% of the long haul market
Heart of the segment	The outside world beyond South East Asia beckons
Profile	Compared to other long haul travellers in China, Ready to Leave: <ul style="list-style-type: none">• Are more likely to be single and less likely to be parents• Have the lowest household and personal income• Are slightly less likely to have a University education• Are less likely to own a car, digital camera or an international credit card• Have a range of interests, however these are less likely to include eating at restaurants or having a meal with their family• Are more likely to be aged between 18 and 24 years of age
Approach to long haul travel	Ready to Leave travellers have a keen interest in travelling. They have a pent up yearning for a truly different experience and hence are keen to travel to destinations outside South East Asia. Interested in immersing themselves in the people and culture of a destination, Ready to Leave are confident travellers who seek adventure to destinations not typically frequented by tourists. They are not driven by the need for comfort and decadent service; they are less likely to go for the easy option, accounting for their preference for avoiding group travel.
Australia as a destination	Although fewer Ready to Leave travellers rate Australia highly, it is higher in the consideration set when compared with other destinations. There is an underlying sentiment of excitement and expectation of a different world in Australia – however what exactly this difference is, is uncertain. Ready to Leave travellers are more likely to view Australia as providing good value for money and an opportunity to truly experience a different lifestyle and a level of interaction with the locals. The lack of heritage when compared with Europe does come into consideration more constantly than among other travellers, however this is the only recurring barrier mentioned among this segment.
What inspires them?	Ready to Leave travellers are inspired by similar factors to other long haul travellers, including internet travel sites and friends who have visited the destination.
How do I reach them in the Media?	Ready to Leave media preferences include: <ul style="list-style-type: none">• They are average newspaper readers, however are less likely to read the leisure and travel sections. Some of the more popular publications include the Guangzhou Daily, Beijing Evening News and Xinmin Evening News

“Not the same continent, not Asian, different...but I’d like to know more - I don’t know what to expect.” Male, 23, Shanghai

“I have a feeling that there are many things to see in Australia - in Europe it is more about shopping and seeing the tall buildings.” Male, 35, Guangzhou

How do I reach them in the Media?
(continued)

- They watch slightly more television than other long haul travellers. They are more likely to watch music programmes including MTV and travel satellite TV stations and are less likely to watch international and domestic news channels. Some of the more popular networks in Beijing include CCTV, Beijing Satellite and Beijing TV2. In Shanghai, SH TV Young, CCTV6 and Oreintal TV are the more popular networks. Jade, GZ TV and GZ Satellite are among the more popular networks in Guangzhou
- Ready to Leave are more likely to read job advertisement magazines, however in general have similar consumption patterns to other Chinese long haul travellers
- Their radio usage is similar to other long haul travellers, however they are more likely to listen to DF Music FM 103.7. Other popular channels nationally include CNR 1 and BJ Music
- They spend an average amount of time per day using the internet for non-work purposes however they are more likely to use the internet at an internet café. They are more likely to use the internet for downloading movies, accessing bulletin boards or blogging. Some of the top websites used include Sina.com.cn, Sohu.com and 163.com

Planning timeline

- Ready to Leave travellers begin the planning process and arrange flights and accommodation at similar points during the process to other long haul travellers:
- Start planning: 21 weeks before departure
 - Book flights: 5 weeks before departure
 - Book accommodation: 3 weeks before departure

Planning sources

- Ready to Leave travellers use a range of sources when planning a holiday. They are more likely to source pricing information through tourist office brochures.
- Moreover, they are more likely to source accommodation information through
- Specialist travel magazines/books
 - Tourist office brochures
 - Magazine/newspaper articles
 - On-line newsletters
- The internet is also a common source during the research phase prior to making their bookings.

Holiday activities

- When planning a holiday, Ready to Leave travellers are more likely to plan their holiday around:
- Camping
 - Diving
 - Snorkelling
 - Walking
 - Hiking

Long haul destinations (other than Australia) they would really like to visit / seriously consider going to

- Other long haul destinations of interest include:
- New Zealand
 - Finland
 - USA

Close to Home

“South East Asia is better, it is closer to Chinese way of living, I feel more comfortable there as they are almost the same.” Female, 30, Shanghai

“I am not brave. Nothing too dangerous for me” Male, 35, Guangzhou

Segment highlights

Segment size	4.3 million long haul travellers / 22% of the long haul market
Heart of the segment	Somewhere familiar and welcoming to relax and feel safe
Profile	<p>Compared to other long haul travellers in China, Close to Home:</p> <ul style="list-style-type: none">• Are more likely to be female• Have the lowest personal and household income• Are more likely to count high school as their highest level of education and are less likely to have attended University• Are more likely to be a clerk working in a state, Government or local company• Are more likely to be working in the services industry• Are less likely to own a car, digital camera or international credit card• Are the least likely to be proficient in English• Have a range of popular interests which are more likely to include watching TV, reading, shopping, hiking and bushwalking
Approach to long haul travel	<p>Close to Home are not natural travellers. They prefer travelling in groups with more experienced people as guides and look for high levels of service to alleviate the stress of the unknown. This is symptomatic of travellers with such limited experience.</p> <p>They are keen to visit famous sites and bring back trophies to show others, however do not wish to mix with the local people and culture. They are curious about modern or progressive countries however are more pre-disposed to safe destinations that welcome Chinese people.</p> <p>Less interested in visiting family and friends, they are unlikely to consider destinations outside South East Asia and do not feel the need to visit various locations on the one trip.</p>
Australia as a destination	<p>Close to Home travellers are less likely to want to visit Australia, which is partly driven by the perceived lack of history when compared with destinations such as Europe. It is generally viewed as a remote destination that is not suited to their requirements.</p> <p>Concern is also evident over the cost of Australia once there and the lack of friends and family at the destination.</p>
What inspires them?	<p>When looking for a travel destination, Close to Home tend to be inspired by TV travel programmes, brochures, advertisements and friends who have visited the destination.</p> <p>While these elements inspire Close to Home travellers, these elements are just as effective forms of inspiration among the remainder of the Chinese long haul travel market.</p>

“I would only go once to Australia. It takes a long time to fly there and would have to go on a tour. I don’t know anything about their customs.” Male, 37, Guangzhou

“Australia is trendy for young people. I’m not that adventurous.” Male, 35, Guangzhou

How do I reach them in the Media?

Close to Home media preferences include:

- They spend slightly more time per day reading the newspaper and are more likely to read the fashion and shopping guide sections and less likely to read the international and domestic news sections. Some of the more popular publications include the Guangzhou Daily, Beijing Evening News and the Xinmin Evenings News. In contrast they are less likely to read the Beijing Youth Daily
- They watch slightly more TV than other long haul travellers, even rating it as an interest. They watch a range of genres consistent with the overall travel market
- CCTV and Beijing TV are among the more popular TV networks in Beijing. In Shanghai, SH TV Young, Oriental TV Arts & Ent. and East Movie Channel are among the more popular channels. In Guangzhou, the more popular networks include Jade, GD Satellite and GZ TV
- Interest in radio is consistent with the overall long haul travel market. Some of the more popular channels nationally include BJ Traffic, CNR 1, BJ Music and DF Music
- Magazine consumption is also consistent with the broader long haul travel market. However, Close to Home are more likely to read family/living and film/music magazines and less likely to read news and car magazines
- They spend the least amount of time per day using the internet for non-work purposes. They are more likely to use the internet at an internet café or a friend/relatives home and are more likely to use it to listen to or download music. They are less likely to use the internet for getting email alerts from companies. Some of the top websites include Sina.com.cn, Sohu.com and 163.com

Planning timeline

Close to Home travellers begin the planning process and arrange flights and accommodation at similar points in the process to other long haul travellers:

- Start planning: 20 weeks before departure
- Book flights: 4 weeks before departure
- Book accommodation: 3 weeks before departure

Planning sources

Close to Home travellers are more likely to use tour operators as planning sources throughout the planning process.

When conducting initial research, they are also more likely than other travellers to use travel guides, the radio and TV travel programmes. Checking flight availabilities over the phone is also a source used by this segment.

Holiday activities

Close to Home travellers are more likely to plan their holidays around activities for children and are less likely to plan their trip around nightclubs, bars and clubs.

Other activities of interest include sampling local cuisine, shopping, going to the beach, sunbathing and exploring the local natural environment.

Long haul destinations (other than Australia) they would really like to visit / seriously consider going to

Other long haul destinations of interest include:

- USA
- Canada
- Germany
- Switzerland
- France
- Italy



Identifying Australia's most valuable target markets

Of the five segments identified in the Chinese travel market, Self-Challengers and Sightseers are the segments specific to the Chinese market that Tourism Australia has identified as core targets.

These two segments clearly have the greatest potential to generate income for Australian tourism and deliver a good return on our marketing investment. In addition, Self-Challengers and Sightseers have the greatest potential to travel to Australia in the short to medium term.

For all these reasons, Tourism Australia believes Self-Challengers and Sightseers represent the most suitable target segments in the Chinese market to achieve sustainable growth in Australian tourism.

What about other segments?

You may be wondering what this means for the other three segments; Family Connections, Close to Home and Ready to Leave. Members of these segments will still visit Australia and may well be appropriate targets for parts of the Australian tourism industry.

There is the opportunity to bridge current barriers and enhance the drivers exhibited by these segments by

enhancing awareness and educating the Chinese long haul market of the Australian offer. This will assist in creating a buzz about Australia as a dynamic, energetic destination that is a must visit.

We can see from the various attributes of Close to Home and Ready to Leave travellers, that as they become more experienced and interested in long haul travel, they will move along the experience continuum to join other segments of the market. This is one example of how any marketing activities targeted at Self-Challengers and Sightseers will have a flow on affect to the other segments.

Family Connections are an important segment of the market. While they will not be a key focus for national tourism, this lucrative segment offers a potential opportunity for parts of the Australia tourism industry because:

- They represent a valuable niche market within the long haul market with a high proportion indicating they would seriously consider visiting Australia
- Are good yield prospects with a high travel budget

Further Information

This document is one component of a suite of documents Tourism Australia has produced for the Chinese target market.

For a broad snapshot of the Chinese travel market, please refer to:

- Australia's understanding of the Chinese travel market

To understand the global communications target market that Tourism Australia is concentrating on, please refer to:

- Australia's global communications target: the Experience Seeker

For more information on how the Experience Seeker communications target relates to the Chinese segmentation information in this document, please refer to:

- Experience Seekers in China – understanding Experience Seekers in the Chinese market

These documents are available on the Tourism Australia website. Moreover, for any further information you require, please visit the Tourism Australia website at www.tourism.australia.com, or contact your local Tourism Australia office.

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**ATTACHMENT 3 - UNDERSTANDING EXPERIENCE SEEKERS IN THE
CHINESE MARKET – TOURISM AUSTRALIA**

Understanding Experience Seekers in the Chinese Market

Tourism Australia's global market segment 'Experience Seekers' was targeted because they:

- Are likely to undertake long haul travel
- Are high yield prospective travellers
- Are likely to disperse beyond the major capital cities and gateways and are,
- Non-rejectors of Australia

Experience Seekers can be found in different age groups, income levels, and regions. They have a mind set and attitude to life that stretches well beyond the category of travel including personal development and everyday life. Experience Seekers also have global commonalities; they:

- Are experienced travellers for whom travel plays a big part in life
- Look to challenge themselves, be it physically, emotionally or mentally
- Desire a high level of engagement with the local people and culture
- Wish to experience, not witness destinations
- Like to avoid the tourist route, preferring locations that are untouched

Chinese Experience Seekers

In broad terms, they:

- Are inspired by a range of sources. The more popular forms of inspiration include word of mouth recommendations, TV travel programmes, newspapers, internet travel sites and travel brochures
- Are more likely to plan their holiday around sampling local cuisine, shopping, nature, the beach and visiting friends and family. Further to this, once at the destination they are more likely to eat at restaurants, get to know the locals, go shopping at local markets, attend live theatre and visit friends and family
- Are likely to stay in 2/3 star and 4/5 star hotels. Moreover they are more likely to stay with family and friends than other long haul travellers

- Are more likely than other travellers to read the local, national and international news sections and travel section, and are less likely to read the employment and sports sections.

Xinmin Evening in Shanghai, *Beijing Evening News* in Beijing and *GZ Daily* in Guangzhou are the most popular publications among Experience Seekers

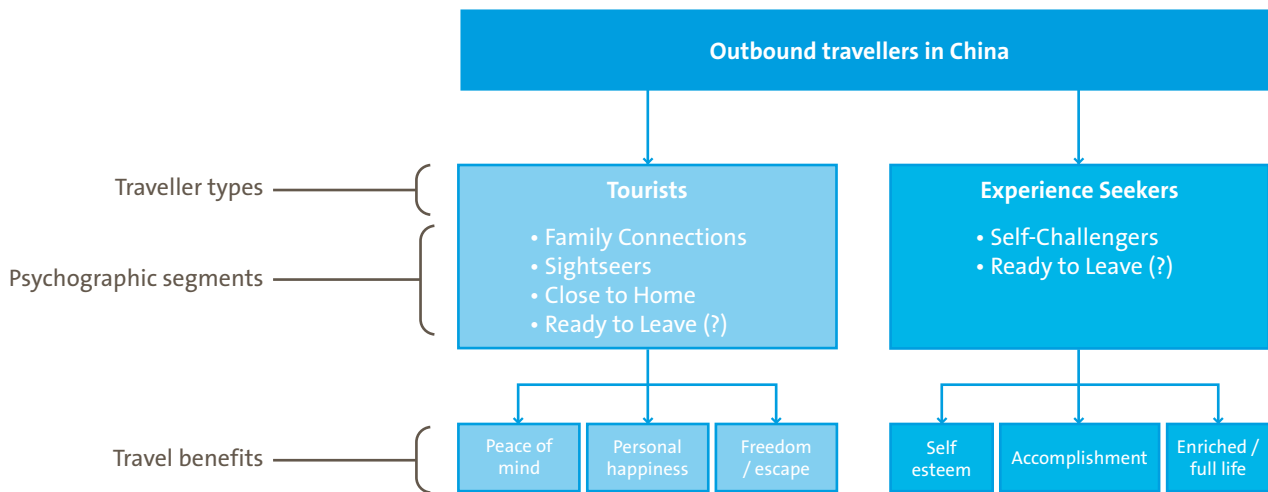
- * Are not major readers of magazines, however are more likely to read travel, news, fashion, health and food magazines than other types of publications

- * Have limited interest in the radio (1 in 3 Experience Seekers do not listen to the radio). China National Radio (CNR) 1 is one of the more popular stations

- * Demonstrate no clear indication of a favoured TV channel and have limited interest in television. Preferred types of programming include international and domestic news, eastern serials, leisure, travel and films

- * Use the internet for similar purposes to other long haul travellers however; notably they are less frequent internet users. The most popular websites among this segment include sina.com.cn, soho.com, 163.com and yahoo.com.cn

The following diagram illustrates the two primary outbound traveller types in China, core psychographic segments and key travel benefits sought.



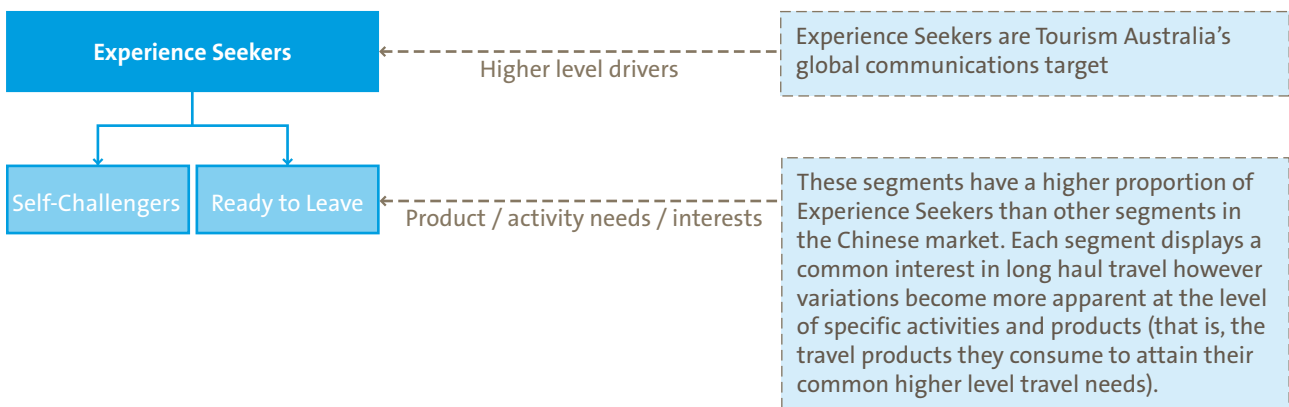
So, how does the Experience Seeker target relate to the five current psychographic holiday segments in the Chinese market (Self-Challengers, Ready to Leave, Family Connections, Sightseers and Close to Home)?

Experience Seekers are our global communications target. They share common interests, drivers, and desires in life and travel. The types of media they listen to and the experiences they are looking for from a long haul holiday are also common to Experience Seekers in all markets.

Experience Seekers are an overarching segment whose values, needs and motivations have relevance and

therefore resonate with more than one travel style, holiday type, etc. It is however recognised that Experience Seekers values, needs and motivations are more common in some particular psychographic holiday segments.

In the case of China these holiday segments are Self-Challengers and Ready to Leave.



What does this mean?

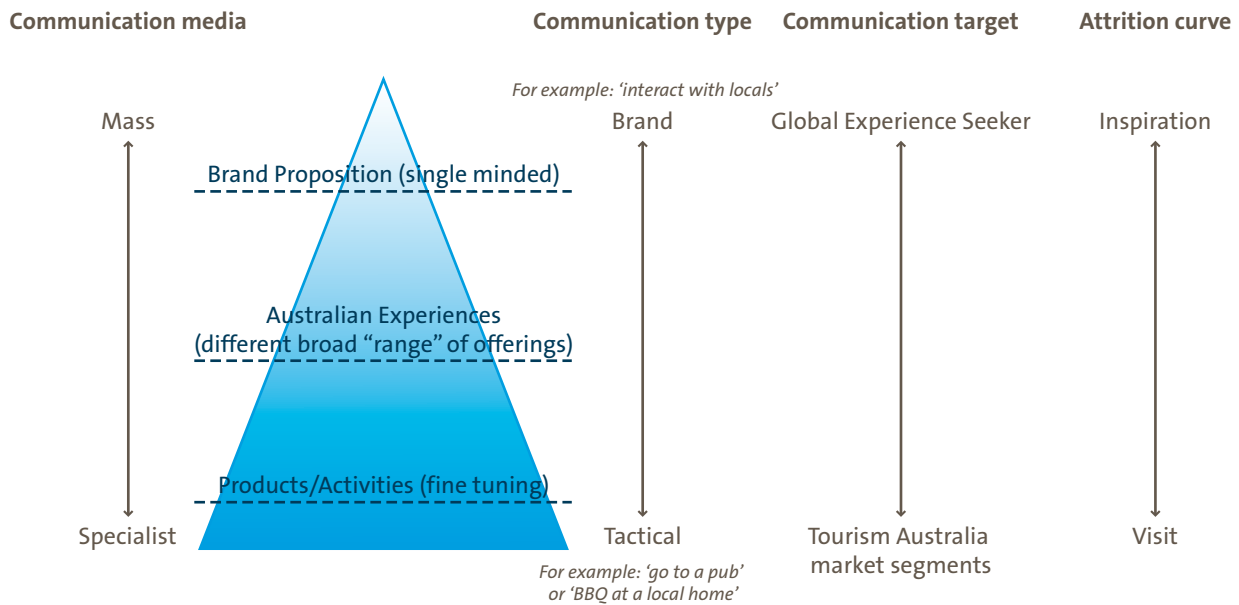
The result of this is that at an over-arching brand communications level, the Experience Seeker is the global target market. However, when communicating information regarding specific products and activities, the opportunity exists to fine tune amongst appropriate holiday segments within the Chinese market.

While Experience Seekers have similar broad drivers for their holidays, the manner in which these can be realised through consuming products or activities can vary among the different holiday segments within each market. Here is an example of what we mean:

A Chinese traveller who prefers a Ready to Leave style holiday and a traveller who prefers a Self-Challenger type

of holiday would both be motivated by Experience Seeker messages about learning, local lifestyle, interacting with locals, etc. The type of products and activities they would seek out (information search) and eventually participate in (what they do at the destination) can, and does vary. For example, interacting with locals – Ready to Leave travellers could obtain this by dining in a pub frequented by visitors and locals. Self-Challengers may obtain this through meeting a local and being invited to their house for a BBQ.

The role of Experience Seekers and the holiday segments in the communications process can be shown diagrammatically as follows:



Further information

This document is one component of a suite of documents Tourism Australia has produced for the Chinese target market.

For a broad snapshot of the Chinese travel market, please refer to:

- ***Australia's understanding of the Chinese travel market***

For more information on the China segmentation study, please refer to:

- ***The Chinese traveller – segmentation of the Chinese market***

To understand the global communications target market that Tourism Australia is concentrating on, please refer to:

- ***Australia's global communications target: the Experience Seeker***

These documents are available on the Tourism Australia website. For any further information you require, please visit the Tourism Australia website at www.tourism.australia.com, or contact your local Tourism Australia office.

10.3. HEPBURN SHIRE ECONOMIC DEVELOPMENT STRATEGY MANAGER ECONOMIC DEVELOPMENT AND TOURISM

In providing this advice to Council as the Manager Economic Development and Tourism, I John Collins have no interests to disclose in this report.

PURPOSE

To seek formal endorsement of the Hepburn Economic Development Strategy (HEDS).

BACKGROUND

SED Consulting (Ballarat) was engaged to provide the Economic Development Strategy (EDS) for the Hepburn Shire Council after an expression of interest process conducted in May 2010.

The EDS is a key document for the economic development of the Hepburn Shire and is identified as a priority in the Council Plan 2009 – 2013.

Progress reports and the final strategy document were previously presented to Council at a Councillor Briefing session.

ISSUE / DISCUSSION

The primary objectives of the strategy are to develop appropriate economic recommendations based on a rigorous process of documentation review, then engagement and consultation with key Hepburn Shire stakeholders.

The brief created for the EDS divides the task into seven parts:

1. Undertake a desk top review of economic and other relevant data, strategy and policy
2. Development of the accompanying communication, engagement and marketing plan
3. Facilitate a briefing on the initial key learnings with Councillors and key Council staff and officers
4. Convene a 'Think Tank' summit to test and then develop the key learnings from previous stages
5. Undertake a range of 1 on 1 consultations with key stakeholders
6. Develop the draft strategy and key actions for review, comment and testing
7. Develop the final strategy with a measurable implementation plan that also defines roles and responsibilities

The EDS produced by SED Consulting undertook the above tasks and identified the following themes that run through the document:

- Industry and Business
- Infrastructure and Services
- Resources and Environment
- Population and People
- Key localities common themes
- Individual Township Priorities.

The key outcomes of the EDS are as follows:

- The strategy is a comprehensive report that reflects the desktop review, one-on-one sessions and 'Think Tank' with identified stakeholders.
- Collation of the current economic position of the Hepburn Shire in both a macro and micro context, influencing factors and a *Strength Weaknesses Opportunities Threats* (SWOT) analysis.
- 47 recommendations of short, medium and long term timeframes and corresponding estimated costings.

The recommendations are a capture of *all* the feedback and analysis from the consultation. Implementation of the strategy will involve further prioritisation and resource consideration by Council. The process of preparing a practical strategy to implement the short term priority recommendations has already commenced.

COUNCIL PLAN / LEGISLATIVE COMPLIANCE

Council Plan 2009 – 2013:

36. We will develop an Economic Development Strategy which will identify ways in which we can encourage preferred business investment opportunities and industry development throughout our Shire.

FINANCIAL IMPLICATIONS

The ongoing implementation of the EDS is important to its success and will need to be factored into future annual budgets. Estimated costs and resources associated with the recommendations will need to be verified in each budget round.

RISK IMPLICATIONS

The production of the EDS was well overdue and provides recommendations to increase economic development within the Hepburn Shire that otherwise was not strategically identified and prioritised.

ENVIRONMENTAL / SOCIAL / ECONOMIC IMPLICATIONS

The focus of the document is naturally on the economic benefits to the Hepburn Shire. However, there are also numerous social benefits and environmental considerations in the document that are integrated with the recommendations. The amalgamation of the document with future sustainability documents such as the Environmental Sustainability Strategy and the Energy Descent Action Plan need to be considered in the respective Implementation Plans.

COMMUNITY AND STAKEHOLDER ENGAGEMENT

A thorough process of community and stakeholder engagement was undertaken through the 'Think Tank' and the one-on-one sessions with identified stakeholders.

CONCLUSION

The production of the EDS has been based on a rigorous process of documentation review, engagement and consultation with key Hepburn Shire stakeholders to provide a set of 47 prioritised recommendations that can guide the economic development of the Hepburn shire for the next decade.

OFFICER'S RECOMMENDATION

That Council:

10.3.1 Endorses the Hepburn Shire Council Economic Development Strategy.

10.3.2 Places a copy of the endorsed document on Council's website.

MOTION

That Council:

10.3.1. Endorses the Hepburn Shire Council Economic Development Strategy 2010.

10.3.2. Places a copy of the endorsed document on Council's website.

Moved: Councillor Janine Booth

Seconded: Councillor Jonathan Barrell

Carried.

10.4. LOCAL GOVERNMENT GENERAL ELECTIONS 2012 – COMPUTER COUNT LOCATION

GENERAL MANAGER CORPORATE SERVICES

In providing this advice to Council as the General Manager Corporate Services, I Evan King have no interests to disclose in this report.

PURPOSE

The purpose of this report is to seek Council's approval to allow a counting location outside of the municipality as required by the Local Government (Electoral) Regulations 2005 (the Regulations).

BACKGROUND

During a Council election the Victorian Electoral Commission (VEC) through the Returning Officer must designate a place for the computer count to occur. A Computer count is required for counting ballot papers relating to multiple Councillor Wards. (Proportional Voting) The proposed site for the computer count for the Local Government General Elections 2012 is the University of Melbourne (Creswick Campus). Given there are few alternative locations within Hepburn Shire Council to conduct the computer count the VEC has asked if Council would consider allowing a counting location outside the municipality.

The VEC are committed to conducting the computer count in the municipality and have requested that Council allow counting outside the municipality as a fall back should their booking with the University of Melbourne (Creswick Campus) be cancelled.

ISSUE / DISCUSSION

In preparing for the Local Government General Elections 2012, the VEC have been experiencing difficulties with identifying available venues for the conduct of computer counts. In order to provide an alternative should the booking with the University of Melbourne (Creswick Campus) be cancelled, the VEC has requested Council consider allowing the computer count to be conducted outside the municipality.

To comply with regulation 93(2) (a) of the Local Government (Electoral) Regulations 2005:

- (1) The returning officer must designate a place or places in the municipal district of the Council to be counting places at which ballot-papers used in an election are to be counted.

- (2) Despite subregulation (1), the returning officer may designate a place outside the municipal district of the Council to be a counting place if the Council passes a resolution allowing the returning officer to designate that place as a counting place

In order to provide flexibility for the VEC to find suitable accommodation for the computer count should their existing booking be cancelled, a resolution would be required allowing the Count to be conducted outside the municipality.

COUNCIL PLAN / LEGISLATIVE COMPLIANCE

The Local Government (Electoral) Regulations 2005 93(2) (a).

FINANCIAL IMPLICATIONS

All costs of conducting the Local Government General Elections 2012 are charged to Council by the VEC. The 2012-2013 budget has provision for the elections.

RISK IMPLICATIONS

The passing of a motion to allow computer counting outside the municipality will mitigate the risk of not having an adequate location to conduct the count.

ENVIRONMENTAL / SOCIAL / ECONOMIC IMPLICATIONS

None to note.

COMMUNITY AND STAKEHOLDER ENGAGEMENT

Not required.

CONCLUSION

A motion allowing the computer count to be conducted outside the municipality will provide flexibility for the VEC to find suitable accommodation for the count should their existing booking be cancelled.

OFFICER'S RECOMMENDATION

- 10.4.1 That Council allows the Returning Officer to designate a place outside the municipality district of Council to be a computer counting place for the Local Government General Elections 2012, should there be no alternative within the municipality district of Council.

MOTION

10.4.1. That Council allows the Returning Officer to designate a place outside the municipality district of Council to be a computer counting place for the Local Government General Elections 2012, should there be no alternative within the municipality district of Council.

Moved: Councillor Jonathan Barrell

Seconded: Councillor Janine Booth

Carried.

10.5. AUSTRALIA DAY AWARDS 2013 GUIDELINES AND CRITERIA CHIEF EXECUTIVE OFFICER

In providing this advice to Council as the Chief Executive Officer, I Aaron van Egmond have no interests to disclose in this report.

PURPOSE

This report seeks Council's endorsement to adopt the Australia Day Awards 2013 Guidelines and Criteria for Hepburn Shire Council.

BACKGROUND

Every year Council calls for nominations for Australia Day Awards which are presented at the Australia Day Eve Civic Reception held in January. The nominations are sought under the Australia Day Committee guidance as they work within the State Department of Premier and Cabinet. Three categories for awards are available for nomination: Citizen of the Year, Young Citizen of the Year and a Community Event of the Year. The guidelines and criteria provide guidance to applicants nominating a person or group who has made a significant contribution to the community and clearly sets out the conditions and eligibility for each nomination.

ISSUE / DISCUSSION

Community members each year have struggled with the lack of information provided by Hepburn Shire Council on the eligibility criteria and conditions of entry for each category. It was, therefore, felt necessary to develop guidelines and criteria for assessing appropriateness of each nomination against the criteria for each category to avoid further confusion and assist members of the community in their respective nominations.

COUNCIL PLAN / LEGISLATIVE COMPLIANCE

The recognition of the Guidelines and Criteria for the Australia Day Awards 2013 is consistent with the 2009-2013 Council Plan for *Healthy Safe and Vibrant Communities*.

FINANCIAL IMPLICATIONS

Nil.

RISK IMPLICATIONS

Nil.

ENVIRONMENTAL / SOCIAL / ECONOMIC IMPLICATIONS

Nil.

COMMUNITY AND STAKEHOLDER ENGAGEMENT

The guidelines and criteria for the Australia Day Awards will be displayed on the Hepburn Shire Council website, along with the nomination forms for all members of the public to access.

CONCLUSION

The proposal for Council to adopt the guidelines and criteria for the Australia Day Awards 2013 will support members of the community in assessing the individual requirements for each category and better facilitate communication of the criteria expected for nominating a Citizen of the Year, Young Citizen of the Year and a Community Event within Hepburn Shire Council each year.

OFFICER'S RECOMMENDATION

That Council:

- 10.5.1 Endorses the attached Australia Day Awards 2013 Guidelines and Criteria as the official guidelines for nominating a Citizen of the Year; Young Citizen of the Year and a Community Event of the Year for Hepburn Shire Council.
- 10.5.2 Places a copy of the endorsed Australia Day Awards 2013 Guidelines and Criteria on Council's website and
- 10.5.3 Advertises in The Advocate newspaper the availability of Guidelines and Criteria and the opening and closing dates for nominations for the Australia Day Awards 2013.

MOTION

That Council:

- 10.5.1. Endorses the attached Australia Day Awards 2013 Guidelines and Criteria with the following additional wording of 'and immediate surrounds' following the words 'Hepburn Shire' under the Citizen of the Year Award and Young Citizen of the Year Award eligibility criteria as the official guidelines for nominating a Citizen of the Year, Young Citizen of the Year and a Community Event of the Year for Hepburn Shire Council.*
- 10.5.2. Places a copy of the endorsed Australia Day Awards 2013 Guidelines and Criteria on Council's website and*
- 10.5.3. Advertises in The Advocate newspaper the availability of Guidelines and Criteria and the opening and closing dates for nominations for the Australia Day Awards 2013.*

Moved: Councillor Neil Newitt

Seconded: Councillor Don Henderson

Carried.

**ATTACHMENT 4 - AUSTRALIA DAY AWARDS 2013 –
GUIDELINES AND CRITERIA**

AUSTRALIA DAY AWARDS 2013

GUIDELINES AND CRITERIA

CITIZEN OF THE YEAR YOUNG CITIZEN OF THE YEAR COMMUNITY EVENT OF THE YEAR

Each year Hepburn Shire Council presents awards to local citizens and groups that have made a significant contribution to the community. The awards are provided by the National Australia Day Council and are administered by Local Government Authorities throughout Australia on behalf of the Council. These awards are an opportunity to honour individuals or groups who have made a significant contribution to the Hepburn Shire Council community.

These awards will be presented during the Australia Day Celebration on 26 January 2013.

Conditions of entry:

- Nominations must be submitted on Council's official nomination forms
- Nominations must be received by Council no later than (Date to be confirmed each year)
- Nominations are to include the name and contact number of one referee that can provide supporting evidence of the nomination.
- In the event that no nominations are received in any of the categories, the Australia Day Committee reserves the right to grant the award to a group, event or citizen of its choice.
- No awards will be made if it is considered that nominations are not of sufficiently high standard.
- The decision of the Australia Day Committee is final and no correspondence will be entered into in regards to that decision.
- Nominations will not be accepted for current staff or currently serving Councillors of the Hepburn Shire Council.

Eligibility Criteria:

Citizen of the Year Award:

A person who is over the age of 25, must be an Australian Citizen who either resides or works in the Hepburn Shire and immediate surrounds, who has either made a significant contribution during the current year and/or given outstanding service to the community of Hepburn Shire over a number of years.

Young Citizen of the Year Award:

A person who is 25 years of age or under, must be an Australian Citizen who either resides or works in Hepburn Shire and immediate surrounds, who has either made a significant contribution during the current year and/or given outstanding service to the community of Hepburn Shire.

Community Event of the Year Award:

An individual/group or organisation, which has staged a significant community event within Hepburn Shire during the current year.



AUSTRALIA DAY AWARDS 2013
CRITERIA FOR ASSESSING AWARDS



CITIZEN OF THE YEAR
YOUNG CITIZEN OF THE YEAR
COMMUNITY EVENT OF THE YEAR

Criteria for assessing the Citizen of the Year Award:

- Demonstrated commitment to the betterment of Hepburn Shire
- Undertakes activities, which have short and long term benefits for others'
- Provides a positive role model for others
- Undertakes activities that promote the welfare and wellbeing of Hepburn Shire community
- Contributions made by the nominee have been completed on a voluntary basis

Criteria for assessing Young Citizen of the Year Award:

- Participates in the community
- Active in youth issues
- Positive role model to peers
- Accepts responsibility for self and others
- Undertakes activities that promote the welfare and wellbeing of Hepburn Shire community
- Shows outstanding achievement in academic, sporting, cultural, environment, civic responsibility
- Contributions made by the nominee have been completed on a voluntary basis

Criteria for assessing the Community Event of the Year Award:

- Have staged a significant event during the current year
- The purpose of the event and outcome achieved
- Positive impact of the event on the Hepburn Shire community
- Community participation in the event

For more information regarding the Australia Day Awards, contact:

Lynne Sheedy
Executive Assistance – CEO
Hepburn Shire Council
Ph. 5321 6423
Email: lsheedy@hepburn.vic.gov.au
Web: www.hepburn.vic.gov.au

10.6. CANCELLATION OF ROAD RESERVE LICENCE – FOLEYS ROAD, CLUNES

GENERAL MANAGER INFRASTRUCTURE

In providing this advice to Council as the Manager Assets and Engineering Services, I Richard Russell have no interests to disclose in this report.

PURPOSE

To consider the cancellation of a Department of Sustainability and Environment (DSE) licence over an unused road reserve,

BACKGROUND

The legal point of access to Crown Allotments 4, 5 Section B, Parish of Smeaton is the road reserve located on the South of Lots 4 & 5 and connects to Foleys Road, Clunes. This road reserve is currently under two DSE licences and the holder of one licence is the landowner of Lot 3, the holder of the other licence is the owner of Lots 4 & 5. The landowner of Lots 4 and 5 now require legal access to their property and have requested in writing to Council that Department of Sustainability and Environment (DSE) cancel the existing licence adjoining Lot 3 to establish the point of legal access to lots 4 & 5. Additionally, DSE has requested that 20 metres of the licence adjoining Lots 4 & 5 be cancelled to provide legal access to the property Lots 4 & 5 (Figure 2)



Figure 1



Figure 2

ISSUE / DISCUSSION

The road reserve is unmade and is the most direct point of access to the applicant's property, which is undeveloped. Advice from DSE is that the whole road licence should be cancelled for Lot 3, and 20 metres of the licence adjacent to Lots 4 & 5.

COUNCIL PLAN / LEGISLATIVE COMPLIANCE

Under the provisions of *section 407 Land Act 1958 "Re-opening of licensed closed road or water frontage"*, if Council considers that it is in the public interest that an existing licence under section 130 of the Land Act be varied or cancelled, it may do so by informing DSE.

FINANCIAL IMPLICATIONS

There are no financial implications associated with the cancellation of these licences.

RISK IMPLICATIONS

There is no risk issues associated with this request to DSE

ENVIRONMENTAL / SOCIAL / ECONOMIC IMPLICATIONS

Nil.

COMMUNITY AND STAKEHOLDER ENGAGEMENT

As provided for under the Land Act, DSE are required to provide three months notice to the licence holder of the proposal to cancel the licence.

CONCLUSION

Council has received a request to consider the cancellation of an existing license over an unused road reserve in order to reinstate legal access for CAs 4 & 5 Section B Parish of Smeaton. As the road reserve is the most appropriate point of access to the applicant's property, the request is appropriate and is recommended for approval.

OFFICER'S RECOMMENDATION

That Council:

- 10.6.1 Informs the Department of Sustainability and Environment that the road reserve South of CA 3 Section B Parish of Smeaton is required for public access and requests that the current licence be cancelled.
- 10.6.2 Informs the Department of Sustainability and Environment that the 20 metres of the road reserve on the Western end of Lot 4 South of CAs 4 & 5 Section B Parish of Smeaton is required for public access and requests that the twenty metre section of the current licence be cancelled.

MOTION

That Council:

- 10.6.1. Informs the Department of Sustainability and Environment that the road reserve South of CA 3 Section B Parish of Smeaton is required for public access and requests that the current licence be cancelled.*

- 10.6.2. Informs the Department of Sustainability and Environment that the 20 metres of the road reserve on the Western end of Lot 4 South of CAs 4 & 5 Section B Parish of Smeaton is required for public access and requests that the twenty metre section of the current licence be cancelled.*

Moved: Councillor Janine Booth

Seconded: Councillor Rod May

Carried.

10.7. RECORD OF ASSEMBLIES OF COUNCILLORS – JULY 2012
GENERAL MANAGER CORPORATE SERVICES

In providing this advice to Council as the General Manager Corporate Services, I Evan King have no interests to disclose in this report.

PURPOSE

This report summarises Assemblies of Councillors for July 2012.

BACKGROUND

The Local Government Act 1989 defines Assembly of Councillors as ...a meeting of an advisory committee of the Council, if at least one Councillor is present, or a planned or scheduled meeting of at least half of the Councillors and one member of Council staff which considers matters that are intended or likely to be -

- (a) the subject of a decision of the Council; or*
- (b) subject to the exercise of a function, duty of power of the Council that has been delegated to a person or committee –*

but does not include a meeting of the Council, a special committee of the Council, as audit committee established under Section 139, a club, association, peak body, political party of other organisation;

Assemblies of Councillors		
Date	Location	Committee Name
8 July 2012	Council Chamber, Daylesford	Councillor Briefing
10 July 2012	Council Chamber, Daylesford	Councillor Briefing
16 July 2012	Creswick RSL	Creswick Ward Community Committee
17 July 2012	Council Chamber, Daylesford	Councillor/CEO Meeting
17 July 2012	Council Chamber, Daylesford	Pre Council Meeting
18 July 2012	Council Chamber, Daylesford	International Women’s Day Women’s Honour Roll Committee

24 July 2012	Council Chamber, Daylesford	Waste Resource Management Strategy Steering Committee
24 July 2012	Council Chamber, Daylesford	Environmental Sustainability Advisory Committee

ISSUE / DISCUSSION

1. The *Local Government Act 1989* (as amended) requires the record of an Assembly of Councillors to be reported at an Ordinary meeting of the Council.
2. The *Local Government Act 1989* (as amended) requires the record of an Assembly of Councillors to be incorporated in the minutes of that Council Meeting.

COUNCIL PLAN / LEGISLATIVE COMPLIANCE

Local Government Act 1989, Section 80A

FINANCIAL IMPLICATIONS

Nil.

RISK IMPLICATIONS

There are implications with regards to Council's compliance with the *Local Government Act 1989* (as amended) if written records of Councillor Assemblies are not reported to Council.

ENVIRONMENTAL / SOCIAL / ECONOMIC IMPLICATIONS

The inclusion of the attached record of Councillor Assemblies in the Council Agenda and their availability to the public will increase awareness of the activities of Council and could increase community involvement in decision making at Council level.

COMMUNITY AND STAKEHOLDER ENGAGEMENT

Using Council's adopted Community Engagement Framework, International Public Participation Consultation, this report presents information via the Council Agenda.

CONCLUSION

Information provided for noting.

OFFICER'S RECOMMENDATION

10.7.1 That the information be received.

MOTION

10.7.1. That the information be received.

Moved: Councillor Rod May

Seconded: Councillor Jonathan Barrell

Carried.

**ATTACHMENT 5 - RECORD OR ASSEMBLIES OF COUNCILLORS –
JULY 2012
(Issued Under Separate Cover)**

11. COUNCIL SPECIAL COMMITTEES (SECTION 86)

11.1. MINUTES OF COUNCIL SPECIAL COMMITTEES (SECTION 86) GENERAL MANAGER CORPORATE SERVICES

In providing this advice to Council as the General Manager Corporate Services, I Evan King, have no interests to disclose in this report.

PURPOSE

Special (Section 86) Committee minutes are tabled for noting and recommendations of Special Committees are presented for consideration by Council.

BACKGROUND

Special committees are established by Council and their function and responsibilities outlined in an Instrument of Delegation. Under the Instrument of Delegation, special committees are required to maintain minutes of meetings held and provide a copy of the minutes to Council for review.

ISSUE/DISCUSSION

Please see listed below the minutes and other reports of Special and Advisory Committees, as provided by the Committees over the past month, for your information:

- Minutes from the Lyonville Hall Special Committee General Meeting 22/05/2012.
- Minutes from the Clunes Museum Special Committee General Meeting 05/06/2012.
- Minutes from the Clunes Museum Special Committee General Meeting 10/07/2012.
- The Lee Medlyn Home of Bottles & Clunes Information Centre Special Committee General Meeting 04/07/2012.

These minutes have been provided to Councillors under a separate cover.

The following recommendations have been received by Council and are presented for Council to consider adopting:

COUNCIL PLAN / LEGISLATIVE COMPLIANCE

Nil.

FINANCIAL IMPLICATIONS

Nil.

RISK IMPLICATIONS

Nil.

ENVIRONMENTAL / SOCIAL / ECONOMIC IMPLICATIONS

Nil.

COMMUNITY AND STAKEHOLDER ENGAGEMENT

Members of the community are represented on these committees.

CONCLUSION

Minutes and reports have been provided for noting.

OFFICER'S RECOMMENDATION

11.1.1 That Council notes the minutes of the Special Committees (Section 86) listed above which have been distributed under separate cover.

MOTION

11.1.1. That Council notes the minutes of the Special Committees (Section 86) listed above which have been distributed under separate cover.

Moved: Councillor Bill McClenaghan

Seconded: Councillor Janine Booth

Carried.

12. COUNCIL ADVISORY COMMITTEES

12.1. MINUTES OF ADVISORY COMMITTEES

GENERAL MANAGER CORPORATE SERVICES

In providing this advice to Council as the General Manager Corporate Services, I Evan King, have no interests to disclose in this report.

PURPOSE

Advisory Committee minutes are tabled for noting.

BACKGROUND

Advisory committees are established by Council and their responsibilities outlined in Terms of Reference. Advisory Committees are required to maintain minutes of meetings held and provide a copy of the minutes to Council for review.

ISSUE/DISCUSSION

Please see listed below the minutes and other reports from Advisory Committees, as provided by the Committees over the past month, for your information:

- Creswick Ward Community Committee 16/07/2012
- International Women's Day Women's Honour Roll Committee 18/07/2012
- Waste Resource Strategy Steering Committee 24/07/2012
- Environmental Sustainability Advisory Committee 24/07/2012
- Hepburn Mineral Springs Reserve Advisory Committee 26/07/2012

These minutes have been provided to Councillors under separate cover.

COUNCIL PLAN / LEGISLATIVE COMPLIANCE

Nil.

FINANCIAL IMPLICATIONS

Nil.

RISK IMPLICATIONS

Nil.

ENVIRONMENTAL / SOCIAL / ECONOMIC IMPLICATIONS

Nil.

COMMUNITY AND STAKEHOLDER ENGAGEMENT

Members of the community are represented on these committees.

CONCLUSION

Minutes and reports have been provided for noting.

OFFICER'S RECOMMENDATION

12.1.1 That Council notes the minutes of the Advisory Committees listed above which have been distributed under separate cover.

MOTION

12.1.1. That Council notes the minutes of the Advisory Committees listed above which have been distributed under separate cover excluding the Hepburn Mineral Springs Reserve Advisory Committee Minutes from 26/07/2012 which have not been circulated.

Moved: Councillor Janine Booth

Seconded: Councillor Rod May

Carried.

12.2. ADVICE TO COUNCIL FROM ENVIRONMENTAL SUSTAINABILITY ADVISORY COMMITTEE

These recommendations to Council are based on resolutions by the Environmental Sustainability Advisory Committee from a meeting on 24 July 2012.

PURPOSE

The purpose of this report is to provide advice to Council from the Environmental Sustainability Advisory Committee to Council.

BACKGROUND

The Environmental Sustainability Advisory Committee met on 24 July 2012 and resolved to recommend to Council the following motions.

ADVISORY COMMITTEE'S RECOMMENDATION

That the Hepburn Shire Environmental Sustainability Advisory Committee advises Council that:

- 12.2.1 Council receives the Community Energy Resilience Report and promotes it for community consultation as per Hepburn Shire Council's consultation policy and prioritised actions be collated and presented to an incoming Environmental Sustainability Advisory Committee (ESAC).

Moved: David Grigg Seconded: Russell Fisher
Carried. Refer to Attachment 6.

- 12.2.2 Council reconsiders the proposed sustainable agriculture rebate and reviews other options to support sustainable agricultural practices.

Moved: Russell Fisher Seconded: Elizabeth Hak
Carried.

- 12.2.3 Council takes an advocacy role of expressing community concerns regarding the social, economic and environmental impacts of the gold mining exploration license at Bullarto South.

Moved: Russell Fisher Seconded: Ostii Palmer
Carried.

MOTION

That Council:

- 12.2.1. *Notes the recommendations of the Environmental Sustainability Advisory Committee (ESAC) and thanks them for their advice.*
- 12.2.2. *Requests that officers bring a further report to Council on the matters raised.*
- 12.2.3. *Hears the expression of concern in local communities regarding exploratory mining in and around the Hepburn Shire.*

Council will seek a briefing from Victoria's mining regulatory authorities in order to better understand:

- *the scope of works that may/may not be undertaken under varying capacities of licenses*
- *the opportunities for communities to have input into decisions regarding mining license, especially in regions of special significance.*

Moved: Councillor Janine Booth

Seconded: Councillor Neil Newitt

Carried.

MOTION

- 12.2.4. *That the Environmental Sustainability Advisory Committee (ESAC) Terms of Reference and term of appointment be extended by six months.*

Moved: Councillor Don Henderson

Seconded: Councillor Bill McClenaghan

Carried.

**ATTACHMENT 6 - COMMUNITY ENERGY RESILIENCE REPORT –
JULY 2012**



Community Energy Resilience Report

Preparing for a High Cost & Uncertain Energy Future...

Hepburn Shire

Environmental Sustainability Advisory Committee

July 2012

Introduction

Late in 2010, due to extreme weather conditions Hepburn Shire experienced a power outage so severe that it caused the shut down of ATM's, petrol pumps, supermarkets and restaurants in Daylesford.

B & B visitors in Daylesford were caught unawares as they ventured out to a virtual ghost town of closed shops. Nowhere to go, nothing to eat... The supermarket was compelled by law to empty the contents of all fresh and freezer food into the dumpsters.

The township was caught by surprise and many residents and business owners recognised how ill prepared they were to cope. The loss to the tourism industry was noticeable.



Photo 1: Arial shot of Creswick Flood Sept 2010 (Supplied by Hepburn Shire)

Energy in the form of fuel (oil and gas) and electricity is a fundamental determinant of our way of life. Oil in particular is central to all that we do – from how we grow, distribute, store, consume and dispose of our food, to the thousands of everyday items that we use to help us live. There is hardly any aspect of modern living not reliant on cheap oil.

At some point this decade the world supply of cheap oil will peak, or may have peaked already. Beyond this point the cost of oil will significantly rise. Given oil's role in everything, and given that demand for energy and goods continues to grow, there are serious long-term implications for our households, our businesses and local communities.

This report has been prepared to provide the Hepburn community with information and ideas about the future of the Shire from an energy resilience perspective.

The Environmental Sustainability Advisory Committee (ESAC) hopes the report will stimulate thinking and debate about how we can make the Shire more energy resilient, and help empower the community to actively participate in decisions affecting the future of the Shire.

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Background

In 2010 Hepburn Shire Council sought community nominations for the Environmental Sustainability Advisory Committee (ESAC). The Committee consists of eight community members, three councillors and four council officers. Community members represent all geographic areas of the shire, and have a range of interests and skills in environment and sustainability fields as well as business and community. The purpose of the Committee is to act as an advisory body to council on sustainability and environment issues and make recommendations to council for their consideration.

One of the aims for this Committee was to develop a local Energy Descent Action Plan.

An Energy Descent Action Plan (EDAP) is a local plan for dealing with peak oil, energy descent, sustainability and climate change. It goes well beyond issues of energy supply, to look at across-the-board creative adaptations in the realms of health, education, economy and much more. An EDAP is a way to think ahead, to plan in an integrated, multidisciplinary way, to provide direction to local government, decision makers, groups and individuals with an interest in making the place they live into a vibrant and viable community in a low-carbon era.

In mid-2011, the Committee commissioned Holmgren Design Services to prepare a background paper on energy descent to assist it in its task. The *Energy Descent Action Planning for Hepburn Shire: Final Report* was tabled in November 2011. This work helped the Committee in its understanding of energy descent planning and led to the Committee deciding to prepare this report on community energy resilience.

The **Community Energy Resilience Report** seeks to describe how the Hepburn Shire community might prepare and transition to an uncertain energy future in which energy is less available and of high cost. In particular it describes:

- How energy is used in the Shire
- Our vulnerability in particular to peak oil
- Activities in the Shire that already contribute to community energy resilience
- Opportunities and challenges in transitioning to a high cost and uncertain energy future
- A potential framework for Council and the community to plan and make decisions about energy resilience

This is a community prepared and driven report. The community members of the Committee have pooled their knowledge, skills and commitment to create this report with some assistance from outside experts.

Peak Oil and Why it Matters

There is widespread agreement that global oil production has peaked, or will peak in the near future and subsequently decline, and that a global oil supply crunch within the next decade is highly plausible¹.

While new supplies of oil are being discovered, most of these new reserves require more energy to extract and process the oil into usable form, often with increased environmental costs and risks, making it increasingly expensive. Overall, there is predicted to be a slow decline in oil supply, while at the same time increased demand from population and economic growth.

The net effect of these forces is an increase in the costs of oil, which in turn increases costs across all parts of the economy.

¹ IEA, 2011

Part 1: Energy in Hepburn Shire

Current Energy Use

Oil

Our current way of life relies on the availability of an abundant supply of cheap oil. Economic studies suggest that without a cheap and plentiful supply of energy, economic growth is severely limited.

Oil is the world's most important primary energy source, providing more than one third of all energy²... In considering our dependence on oil, we commonly focus on petrol and diesel, but our reliance upon it runs much deeper and wider:

- 80-95 per cent of all transport is fuelled by petroleum.
- All petrochemicals are produced from oil.
- 95 per cent of goods arrive at the point of sale using oil.
- 99 per cent of our food involves the use of oil and/or gas for fertiliser, pesticides, ploughing, cultivation, processing and transport.
- For the last half century there has been a close correlation between world economic growth and growth in world oil production.
- Oil is a primary component of computers, car parts, telephones, packaging, synthetic rubbers, bitumen, perfumes, carpets, paints, detergents, inks and innumerable other products.
- Global food production and deliveries are fuelled by oil that runs farm machinery and transport, and fertilizers and other farm inputs. The vast majority of food production across the developed world depends heavily on mechanized farm equipment, fertilizers, pesticides and other inputs that are dependent on the availability of cheap oil and gas.
- Our health system is dependent on oil for transport, pharmaceuticals and equipment. Medical equipment such as syringes, sterile gloves and packaging are highly oil reliant. Oil is also an input to many medicines.
- Economic growth is linked to the availability of cheap energy, currently provided by oil, gas and coal. Oil price spikes are always followed by a period of economic recession.
- We are oil dependent in dealing with natural disaster; assistance and supplies are often brought into affected areas by truck and helicopter.
- Our dependence on affordable oil means that we also rely on it to maintain employment, social justice and the social fabric of our society. A sudden oil crisis would lead to economic crisis and possible food shortages and social crisis.
- Gas, coal and electricity prices are linked to oil prices.

The average oil consumption in Australia is approximately 47 barrels of oil/day, per thousand people³. This is high by world standards and is in part because we have a small population on a large landmass.

Our heavy reliance on oil makes us far more vulnerable to Peak Oil than many other countries.

² McCarthy, S., 2009, *Peak oil and the Australian economy*. Australian Association for the Study of peak Oil and Gas.

³ Energy Statistics: Oil consumption (per capita) (most recent) by country. http://www.nationmaster.com/graph/ene_oil_con_percap-energy-oil-consumption-per-capita

Fuel & Transport

Most access to Hepburn Shire occurs by road. As a premier tourist destination and farming region this makes the population heavily reliant on road transport and vehicles. We are reliant on our goods and services arriving regularly by road. The recent bushfires and floods highlighted this as many of our roads became inaccessible.

Case Study: Direct Fuel and Bitumen Costs for Council

In 2010-2011, Council spent approximately \$220,000 on fuel for plant and vehicles, and \$100,000 on bitumen for road works.

An increase of 30% in the price of oil would require Council to add a 1% rate rise to cover the increase cost on fuel and bitumen alone.

In addition, indirect costs (e.g. from third party transport) would also require further funds to be raised from ratepayers or other levels of government to maintain existing levels of service.

The total land area of the Shire is approximately 1,470 sq km with 600 km of sealed roads, 730 km gravel and 80 km of formed roads. This makes for a lot of energy consuming upkeep of gravel roads and high fuel consumption with unavoidably long distances to travel. Approximately 95% of bitumen is imported into Australia.

Public transport is limited around the Shire. Daylesford is 28 km to the nearest train station at Creswick or 35 km to the train station at Ballan, 44 km to Castlemaine rail or 45 km to Woodend. Trentham is 23 km to Woodend railway station. Creswick is the only town in the Shire that has a railway service. Clunes has a limited bus service to Ballarat.



Figure: Hepburn Shire road map density. (Supplied by Hepburn Shire)

Electricity

There are 10,500 residential, commercial and farming properties in the Hepburn Shire. The annual electricity used in the Shire is in the order of 73.000MWh per year. At least 95% of this electricity is imported and mostly derived from coal-fired power stations. The principal driver of climate change is our heavy reliance on fossil fuel derived energy ⁴.

This equates to 99,612 tonnes of CO2 green house gas emissions per annum. One source suggests the Shire would need to plant 344,200 trees a year to compensate for the emissions.

Renewable Energy

The number of off grid solar arrays is not known. It would be reasonable to extrapolate a higher number than many municipalities, given a significant demographic who are environmentally aware (many have lived independently with solar power since the eighties); coupled with the cost of powering rural blocks. Solar arrays connected to the grid are estimated to be approximately 5% of the shire's stationary energy supply.

Hepburn Wind is a small, community owned renewable energy facility that feeds into the transmission network. The two wind generators are forecasted to output 12,200MWh per year, equivalent to the power needs of the homes in Daylesford and Hepburn Springs (approximately 2300), which equates to approximately 16% of the Shire's present stationary energy supply.

Solar Hot Water

Up to June 30 2012 the Renewable Energy Bonus Scheme enabled many solar hot water systems to be installed in the shire; however the total number of installations in this region is not known.

Bioenergy

Whilst bioenergy is a growing area of interest, research and education, there are few examples of biofuels being used in the shire at this time. One example is a small handful of people who have been making bio-diesel to run their vehicles from used cooking oil. Over the last few years the Central Highlands Agribusiness Forum (CHAF) and local potato growers have been experimenting with bio-diesel but this work has not yet been finalised.

Domestic heaters using grain as a fuel have recently become available for sale in the shire. These heaters can also use waste such as olive pits, almond shells, etc.

Wood

Wood is considered humankind's very first source of energy. Today it still is the most important single source of renewable energy providing over 9% of the global total primary energy supply⁵.

Wood fuel can be used for cooking and heating, fueling steam engines and steam turbines that generate electricity. Wood fuel can be available as firewood, charcoal, chips, pellets and sawdust. About 1.5 million households in Australia use firewood as the main form of domestic heating⁶.

There is no firm data on the use of wood for energy in Hepburn Shire. Firewood for home heating and wood stoves is mainly harvested from farms and from the Wombat Forest. Substantial quantities of firewood are harvested each year through permits to commercial operators and for private use. Harvesting operations are managed to ensure there is no detrimental impacts on biodiversity.

⁴ IPCC, 2007

⁵ <http://www.fao.org/forestry/energy/en/>

⁶ **a b** Matthew (26 December 2009). "The Truth about the Australian Home Heating Association" Clean Air Society of Kapiti Coast Retrieved 26 November 2010. Cited in http://en.wikipedia.org/wiki/Wood_fuel#Australia

Some community members have noted waste of timber that is burnt off instead of being collected and made available for others to use. There is also some timber removal from crown land through illegal means.

Waste to Energy

Waste-to-energy is the process of creating energy in the form of electricity or heat from the incineration of waste. There are myriad sources of waste that can be used. The key issues in using waste to energy are the energy and financial cost of extracting the energy (each project needs to look carefully at the overall energy gain compared with other sources of energy), and the associated environmental impacts.

Most waste to energy processes produce electricity directly through combustion, or produce a combustible liquid or gas fuel, such as methane or ethanol or synthetic fuels.

It is not known how much of this practice goes on in Hepburn Shire, though there has been interest shown in using wood waste (e.g. from pine plantations) to produce energy on site for combined heat and power (CHP) with surplus electricity fed into the grid⁷.

Summary of Hepburn's vulnerability to peak oil

In writing this report it has become evident that accurate statistics of energy use in Hepburn Shire are not available, and the statistics are not simple to acquire. Power providers are reluctant to share information about usage or pricing structures. The statistical information that exists is either not available to the public, or in any accessible format or central place.

The following summarises the ways in which the Hepburn Shire is vulnerable to peak oil⁸.

Transport

Rising fuel prices directly impact costs and choices for all forms of private and business transport as well as public services.

Agricultural and tourism sectors will be particularly impacted.

Those who commute long distances to work, need to drive a lot for their work, or drive children to schools in nearby towns will be severely impacted. All goods and services will increase in price to cover extra transport costs.

Public transport providers will be hit by high fuel costs and increasing demand. Growing economic constraints will make fare prices a big issue for the public. Economies of scale will see greater numbers of larger trucks, which affects road surface conditions and maintenance regimes.

Food

Higher oil costs will lead to increasing farm input costs. Mechanised farming methods and globalised delivery infrastructures will be affected. In the event of supply shortages food distribution systems will be strained.

Rising price of food due to increases in production, packaging and transport costs will affect the public with a knock-on effect on the economy and public services as more people fall into food poverty. Imported food products may struggle to compete with local supplies. Those who export food are also likely to struggle, but local growers, food hubs, community gardens will come into their own.

⁷ Holmgren, D. & Lillington, I. (2011) Energy Descent Action Planning for Hepburn Shire, Final Report, (October 2011)

⁸ Based on Bristol Peak Oil report

Health

Many aspects of healthcare rely heavily on transport of patients, staff and visitors, provision of home care and daily delivery of supplies. Supply shortages will put this system under strain and cause significant distress. Rising prices will affect the cost of service delivery. Some suppliers may be unable to afford to deliver services. Increased fuel prices will encourage greater participation in walking/cycling behavior.

Costs of oil based drugs and equipment will increase. As stockpiles run out and fixed price contracts expire this will have a knock-on effect on health-care budgets.

Economy

Rising costs of fuel, plastics and metals will affect many businesses.

Supply stoppages will affect businesses that rely on daily supplies and dispatches, or transport links. Some service providers will stop servicing regional and rural centres as the cost becomes prohibitive. Tourist destinations in the Hepburn Shire that normally attract large numbers of day-trippers in private vehicles will be vulnerable to decline. All council costs that require medium to heavy machinery will incur significant operating cost increases that will have to be covered from rate rises or government grants, or a re-prioritisation of the level of maintenance quality. All primary production costs will increase.

Transport costs will affect most businesses and their employees. The rising cost of gas, electricity and other commodities linked to oil will have an impact on business as the cost of running internet access and other electrical services rise. The rising need for imported oil and gas due to depleting domestic supplies will result in a weaker currency and increase the price of imports. Employees will be less inclined to travel long distances to work. Small rural and regional towns with little or no public transport will struggle to attract employees and residents. Business and industry that once may have considered decentralizing will consider locating closer to major hubs.

Public services

Institutions (such as schools or hospitals) still using oil for heat will suffer from rising fuel costs. Essential services that rely on motorised transport will be put under strain, particularly public transport.

Frequent supply stoppages will result in backlog and delays to services (for example waste removal). Rising fuel costs will affect staff travel. As existing contracts expire rising costs will hit public service budgets. Rising price of raw materials will add to the costs of construction and repairs for social housing. Economic contraction will lead to funding cuts.

Utilities

In Hepburn Shire approximately 95% of electricity generation is fossil fuel derived. Fossil fuel derived energy continues to increase in price while the cost of that derived from renewable energy is declining.

The link between the oil prices and other commodities will cause power prices to rise. Power and water companies will be hit with increasing repair and maintenance costs based on rising transport costs. Increased demand for gas and electricity could lead to power cuts.

National and State Energy Policy Directions

Both our national and state governments are committed to long-term dependence on fossil fuel derived energy future.

The Draft Energy White Paper 2011 provides a review of Australia's future energy needs to 2030 (and in some cases beyond) and defines a comprehensive strategic policy framework to guide the further development of Australia's energy sector⁹.

The priorities for future energy are:

- Strengthening the resilience of Australia's energy policy framework
- Reinvigorating the energy market reform agenda (markets and energy productivity)
- Developing Australia's critical energy resources
- Accelerating clean energy outcomes
- Increasing exports of fossil-fuel based energy, largely coal and gas
- Increasing the productivity of energy largely through energy efficiency schemes

The four key objectives of Victoria's energy policy¹⁰ are:

1. Ensure an efficient and secure energy system.
2. Ensure those supplies are delivered reliably and safely.
3. Ensure consumers can access energy at affordable prices.
4. Ensure our energy supplies and the way we use them are environmentally sustainable and in particular less greenhouse intensive.

Both policies are premised largely on the extensive availability of cheap coal, and centralised electricity supply. While centralised electricity produces efficiency of scale, it also makes the system more vulnerable to disruption. Coal-based electricity is the major single contributor to greenhouse gas pollution.

Key Implications for Hepburn Shire

There are three overarching trends that will influence the future of the Shire and guide thinking on energy resilience. They are:

- Reduced oil supply and availability
- Increased extreme climate events
- Increased economic disruption, volatility and social upheaval as a result of the above two trends

The implications of these trends for the Hepburn Shire without action are many.

Like most of the developed world, Hepburn's current infrastructure and economy is built on the availability of cheap non-renewable oil and centralised coal-powered electricity. As discussed above, any major spikes in the price or availability of oil will have profound impacts on our economy and quality of life.

At this stage there are no commercially available alternatives to oil which could replace current usage, and any such alternatives that might be found are expected to take decades to develop and implement. Renewable supplies of electricity are becoming increasingly available, though still limited.

⁹ Draft Energy White Paper 2011—*Strengthening the Foundation for Australia's Energy Future*. Department Resources, Energy and Tourism.

¹⁰ <http://www.dpi.vic.gov.au/energy/about/policy-and-strategy/key-objectives>

Extreme climatic volatility expected with climate change will lead to increased heat waves, flooding, storm damage, fires and associated costs and disruption to social, economic and environmental well-being and resilience of the community.

Strategic risk to Council from peak oil and continued reliance on non-renewable forms of energy supply

- Increased cost of all oil dependent Council services, in particular vehicle running costs, the costs of oil dependent materials and equipment associated with service provision
- Increased cost of all oil dependent infrastructures, particularly for road building and road maintenance and the delivery of community services reliant on vehicle use such as meals-on-wheels.
- Increased social isolation by those unable to afford to run a vehicle
- Increased cost of fossil-fuel based energy
- Increased demand for poverty relief

Key opportunities from higher prices for oil and fossil fuel derived energy:

- Greater energy efficiency in products and services
- Boost for investment in renewable energy
- Reduction of oil based travel and transport
- Increased focus on local products and services
- Production, distribution and consumption of local fresh (i.e. unprocessed) foods
- Stimulation of re-use, recycling, repair and retrofit of existing technologies

Part 2: A Story of Transition to a Energy Resilient Future

Themes and Pathways for Energy Descent

To be successful in our endeavour to become an energy resilient community we need to engage the whole spectrum of community, business and government in a range of activities that:

- Reduce our usage of fossil fuels
- Maintain reliable energy supply
- Manage or reduce the cost of energy
- Ensures availability of our food and water supplies

In engaging people it is critical that they can see that getting involved and taking action at whatever level they can, is worthwhile. An Earthship building workshop or the establishment of a community garden may seem trivial to some, but it is surprising to see what inspiration is sparked and community spirit developed, along with an increase in capability. Many small or individual efforts sow the seeds of possibility and lead to larger and more beneficial initiatives. There are many who have established credible business ventures from a small seed of an idea. Hepburn Wind is one such initiative that grew out of a community meeting of a handful of people with an idea.

It is important to help business people, investors and social enterprise groups make the links to the potential economic benefits of projects in renewable energy, localised resources, biodiversity projects, alternative transport options and so on. There are many pathways to achieving the above four resilience outcomes.

What is already happening in the Shire?

It is important to take pause and recognise what is already happening in the Shire that contributes to building energy resilience, and to acknowledge the value of individual initiatives and relocalisation projects undertaken by various community groups. The impetus from these actions is not to be underestimated. They act as a catalyst for engaging a broader cross section of community and business.

These are some but not all of the stories.

Hepburn Relocalisation Network (HRN) is facilitated by a core group who maintain a blog website www.relocalisehepburn.blogspot.com.au. HRN has screened a series of awareness raising movies for over six years (around 50 films in total) and run bushfire preparation workshops, skills for resilient living workshops including shoe making, spinning, preserving and others. Those involved have built up an impressive amount of knowledge about community resilience and an estimated 400 different people have participated. HRN hosts community dinners highlighting local foods either catered for by local chefs with expertise in local produce, or where participants bring their own locally grown cultivated or bush food to share, including edible weeds!

Trentham Sustainability Group, although relatively new on the scene, has initiated a community garden project, sourced cotton string bags in a drive to create a plastic bag free town, as well they have hosted sustainability days and house tours, and community conversations to build interest and awareness.

Sustainable Hepburn Association (SHARE) has been instrumental in catalysing many housing retrofits, solar arrays, water tanks, heat shifters, reducing waste to landfill, as well as hosted numerous tours, educational talks, workshops and Expos. Over six hundred people visited the

most recent festival on self-sufficiency and DIY retrofits held in June 2012. People were eager to learn about local bush food, composting, chooks, bees and trees as well as how to save money and emissions on their do-it-yourself retrofitting. It is of interest to note that the feedback surveys from the Refit 'n Save retrofitting project that SHARE hosted identified that it was the combined effect of exposure to relevant information at the right time, an article or newsletter, a special offer organised through their supplier and advertised in the local store, a neighbour who had done something similar and the credibility of the recommendations from a not for profit group that contributed to installation of energy saving devices in their homes or businesses.

Similar activities take place right across the Shire with both Creswick and Clunes hosting events that have an increasing focus on recycling, waste minimisation and buying local. Creswick now has a community recycle shop.

There are many nature groups that build awareness and skill in contributing to clean water, air and soil and maintaining healthy biodiversity.

Tourism and Food

Some tourism events are increasingly taking a resilience approach. The annual Daylesford Macedon Ranges Produce Group Harvest Week Festival ran classes in cheese making, beer brewing, pizza making and conducted classes for children about food. These classes were popular and well attended. Tours included Stephanie Alexander's kitchen garden at the primary school, Annie Smithers garden which grows 90% of its produce for the restaurant, and farm tours including those which demonstrated various farming activities, kids classes showing kids how to do still life drawings and talk to producers of chickens honey eggs. The workshops, tours and tasting plates brought tourism income to the region and a community pride in what we have here.

Food and Farming

The Fawcett family have grown biodynamic grain crops now for about 15 years on their 500 acre property at Powlett Hill, outside Campbelltown. Under the Powlett Hill label, flours are bagged for wholesale and domestic consumption. This type of grain has become increasingly popular for people with food allergies. They use a variety of techniques, including radionics, to limit their energy expenditure, enhance yields and ensure a high quality product. Crops are value added on site through a milling and sifting process. Powlett Hill products are directly sourced by the Hepburn Wholefoods Collective and Hepburn Shire businesses Redbeard Bakery, Himalaya Bakery and Spade to Blade Catering, amongst others. They have recently added additional milling capacity to meet growing demand.

There are many other fine organic farming properties supplying locally - Fernleigh, Captains Creek, Mt Franklin Organics, Angelica to name a few, as well as several Veggie box schemes and farm gate sales around the region.

Building, Retrofitting and Renewable Energy

Despite the 6 star house minimum energy rating, many new housing in the Shire are constructed from very high embodied energy materials. Mud brick, Light earth and Strawbale are alternative building techniques frequently employed, as they require much less energy to produce than the usual conventional materials. The Hepburn Shire boasts many great examples of housing built with materials sourced locally. Several local businesses such as Gentle Earth Walking and Henderson Clay Works are involved in this way in Strawbale building and Light Earth construction respectively.

Some businesses have taken up the charge by lowering their carbon footprint directly such as Leanne Shaw, co-owner of Queensbury Studio massage and day spa business who invested in

solar hot water to cut down on her overheads. On a busy day at work, she can have up to four loads of towels and robes to wash. She explained that although she had a reasonable hot water system, she thought the business could do better for the planet and save some money at the same time. Leanne hasn't been disappointed. Her evacuated tube hot water system provides all the hot water she needs on sunny days, and pre-heats the water when it's cloudy. Combined with her 1Kw solar system, energy usage is reduced, whilst still providing all the comfort her clients need.

Some businesses have made low emission products available and can demonstrate to potential customers the efficiency of products that are available. Daylesford Hardware store now stock power saving electrical goods and advised people of available rebates.

Hepburn Wind Community Cooperative, the first Australian community developed and owned wind energy project, is situated at Leonards Hill close to Daylesford. This two-turbine project has produced 12,220Mwh/p.a. of electricity into the mains grid. Community shareholders can expect a financial dividend from this project in addition to having the ability to purchase renewable energy for their own use through the retailer Red Energy. In addition to direct returns for shareholders the cooperative also provides development grants for community groups in the area. It is anticipated this initiative will provide 15% of Hepburn Shire's electricity requirements – close to Australia's 2020 renewable energy target.

Transport

Public Transport has improved over the last several years. Hepburn shire residents now have bus linkages to Melbourne trains leaving from Woodend, Ballan, Castlemaine, and Ballarat stations. The number of people regularly using public transport has increased.

Car sharing and bicycles usage has increased in recent years. There is a growing awareness of the benefits of sharing car trips with others travelling in the same direction, and, through the efforts of the Critical Mass group, the benefits of using bicycles as a serious form of transport has been highlighted as a choice for some.

There have been some small forays into vehicles run on Alternative Energy and a number of early adopters have invested in personal alternative transport in the form of either electric or hybrid cars, or the backyard production of bio-fuel from waste oil for running their diesel vehicles.

The Next Steps

The above examples are a small selection of a myriad of activities where individual households and businesses have undertaken actions that reduce their vulnerability to shocks in the supply or cost of energy. A lot of these make sound economic sense, as well as improve the quality of life or the environment. To be successful we need to fully engage the whole community in energy planning and decision making

- Where possible reduce demand for energy and increase the efficiency of the energy that we do use
- Substitute non-renewable energy sources with renewable energy sources
- Stop polluting the environment
- Grow, distribute and consume locally produced, unprocessed foods, e.g. buy potatoes rather than frozen chips

The Opportunities and Challenges

There are many opportunities and challenges for the community in getting to a high cost and uncertain energy future for both the community and Council leadership. The following themes could be used to capture them¹¹:

- Working with Nature
This includes food security, localising food production and consumption, human well-being and biodiversity stewardship
- Creative Energy Systems
This includes energy security, renewable energy, transportation, buildings and housing
- Resourcing Localisation
This includes economics and livelihood, consumption and waste, land tenure
- Nurturing Transition
This includes arts, culture and media, spirituality, education, communication and skills for transition
- Empowering People
This includes local governance and community ownership, technology

In the next section we discuss Planning and Decision Making around these opportunities and challenges.

¹¹ Totnes Energy Descent Action Plan

Part 3: Energy Resilience Planning & Decision Making

As a community, we need to think about how we respond and prepare for future energy challenges and opportunities.

Building Pathways to Energy Resilience

Our task as a community is to build pathways to energy resilience. We need to agree on what success looks like, the themes of our transition to energy resilience, and the 'must have' actions and steps to get there.



Energy Resilience

Measures of Success

- Energy production or use does not cause any pollution or environmental degradation
- No energy is wasted
- Energy supply for essential and basic services is safe and reliable
- No one faces energy hardship
- All buildings are zero net energy
- Everyone in the community has access to safe, reliable and low-carbon mobility, infrastructure and information

Transition Themes

- Change the way we measure energy
- Rapidly change to renewable sources of energy
- Increase the standards for energy performance wherever possible
- Work with and support the community to make the transition

'Must have's' in all parts of the Shire by 2020:

- Affordable low-carbon transport options
- Existing building stock retrofitted to minimise energy use
- All new buildings minimum 8 star rating
- Commercially viable examples of waste to energy
- Businesses that have successfully broken away from a dependency on non-renewable energy in their supply chain
- Affordable agricultural fertilisers and solutions not dependent on oil

Change the way we measure energy

There are many indicators that a community is successfully transitioning to a low energy and secure position. Perhaps the most important indicators are the most difficult to accurately measure. General well being, improved health, growing local enterprises, energy security are obvious indicators. These measures encourage people to participate.

However energy usage can be measured relatively easily and can provide some useful indicators of progress. These include:

- Electricity – usage and production
- Gas
- Transport fuel – gas, petrol, diesel, biodiesel, electric
- Food miles
- Biomass

Some of this data is routinely recorded [although difficult to obtain due to corporate confidentiality], some is more difficult to obtain. In the early stages, estimates can be made to help in developing targets.

In all of these cases, a judgement needs to be made on the desire to become notionally energy neutral, for example, produce as much electricity as we consume, but still be connected to the national grid, or practically self sufficient and disconnecting from the national grid.

Whatever the desire, reporting milestones is possible and comparisons with larger areas e.g. Melbourne, Victoria, other states, Australia, other countries provides perspective.

The following measures are proposed as a way of determining whether we are becoming more or less energy resilient.

1. Energy benefit

Actions that increase our energy resilience:

- Reduce the demand for energy
- Increase the supply of locally produced renewable energy
- Reduce the risk of energy system failure in crisis (e.g. bushfires, heat waves etc)

2. Environmental benefit

Actions that increase our energy resilience:

- Reduce greenhouse gas pollution
- Do not harm our natural assets or undermine the ecological processes that provide a stable climate, clean air, water, soil and viable functioning of plant and animal communities

3. Community benefit

Actions that increase our energy resilience:

- Improve our overall quality of life
- Reduce the risk of energy hardship
- Increase our understanding of how energy works
- Increase community action and resources

Rapidly change to renewable sources of energy

Our dependence on oil makes us vulnerable to price rises caused by reduced supply and availability over time.

In addition, our oil and coal driven economy is dangerously polluting our atmosphere.

The quickest and most effective way to solve both these risks is to rapidly move to a future based on clean, renewable energy.

Increase the standards for energy performance wherever possible

Raising standards sends a signal to others of your values and aspirations. By encouraging and supporting our community to adopt the highest possible standards for energy performance wherever possible, we remind others and ourselves that we take energy seriously and are working towards lowering our energy use at every opportunity.

It is common now for people to choose electrical appliances based on their energy rating. In parts of Europe all houses have an energy performance rating that enables consumers to choose houses that require less heating or cooling. As fuel prices rise, the fuel efficiency of vehicles will become more important.

As well as individuals making these choices, Council and other organisations can adopt policies that favour the highest standards of energy performance in their appliances building stock, vehicle choices, machinery etc.

Work with and support the community to make the transition

All parts of the community need to be involved in the transition process. This means increasing community understanding of how energy works and what future energy risks and opportunities there are for us, and being part of the planning and decision-making process. The assertions, directions and ideas suggested in this report must be more broadly debated and owned. They must be part of community town plan discussions and on the agenda of local businesses and community groups.

The following tool is a useful tool for generating ideas for energy resilience¹². It has been successfully used a number of times to stimulate discussion about current and future energy options.

¹² Based on Holmgren, D. & Lillington, I. (2011) Energy Descent Action Planning for Hepburn Shire, Final Report, (October 2011).

	Working with Nature Supporting biodiversity – the web of life Food production & farming Health & wellbeing	Creative Energy Systems Energy Security Renewable Energy Transportation & Mobility Buildings & Housing	Resourcing Localisation Economics & Livelihood Consumption & Waste	Nurturing Transition Arts, culture & media Spirituality Education & Skills for Transition	Empowering People Local Governance Community Ownership
No regrets – things to do now					
Long term investments					
Advantage through change or crisis					

Table 1: Energy Resilience Planning Template

No regrets: give benefits with or without energy descent; can be done now without major decisions/expenditure

Long term investments: substantial expenditure or effort that should return benefits as energy descent progresses

Advantage through change or crisis: risk taking during or immediately following event or crisis that leverages a larger beneficial change

Council’s Role and Responsibilities

Council's role in energy resilience is to:

1. Provide leadership by ‘walking the talk’
2. Use its powers and resources to support and guide transition within the limits of available and affordable resources.
3. Engage and support the community in transition
4. Partner with others to broaden, deepen and strengthen the reach, speed and effectiveness of transition
5. Advocate and seek to influence others in helping bring about a just and effective transition

Benefit

Extent of benefit from the proposed action:

Energy benefit

- Reduces the demand for energy
- Increases the supply of locally produced renewable energy
- Reduces the risk of energy system failure in crisis (e.g. bushfires, heat waves etc)

Environmental benefit

- Reduces greenhouse gas pollution
- Does not harm our natural assets or undermine the ecological processes that provide a stable climate, clean air, water, soil and viable functioning of plant and animal communities

Community benefit

- Improves our overall quality of life
- Reduces the risk of energy hardship
- Increases our understanding of how energy works
- Increases community action, resources

Effort

Effort required to develop, implement and sustain the proposed action:

Viability

- Organisational complexity
- Long-term community affordability
- Immediate and ongoing impact on Council resources, systems and liability requirements

Resources

- Cost
- Time
- Skills and knowledge

Barriers to overcome

- Institutional/legal
- Technological
- Political
- Stakeholder needs
- Commercial/financial
- Social attitudes, perceptions

Must Have's in All Parts of the Shire by 2020

There are many actions that are needed.

In the Committee's view the most important ones are:

- Affordable low-carbon transport options
- Existing building stock retrofitted to minimise energy use
- All new buildings minimum 8 star rating
- Commercially viable examples of waste to energy
- Businesses that have successfully broken away from a dependency on non-renewable energy in their supply chain
- Affordable agricultural fertilisers and solutions not dependent on oil

Where to From Here

This report has been written as a first step in a longer conversation about the future of energy in our Shire in the hope that all residents will feel empowered to participate in the discussion.

The Environmental Sustainability Advisory Committee (ESAC) of Council offers this report to the wider community of the Hepburn Shire to facilitate discussion and further refinement of ideas that will ultimately lead to formal recommendations to Council.

13. CLOSE OF MEETING

The Meeting closed at 7:30 pm.
