TheBarossaCouncil

MINUTES OF THE SPECIAL MEETING OF THE BAROSSA COUNCIL
held on Wednesday 7 June 2023 commencing at 7.12pm
in the Council Chambers, 43-51 Tanunda Road, Nuriootpa.

MINUTES

WELCOME BY MAYOR LANGE AND HE DECLARED THE MEETING OPEN.

1. ATTENDANCE RECORD

1.1 MEMBERS PRESENT

Mayor Bim Lange, Crs John Angas, Don Barrett, David de Vries, Tony Hurn, Rick Lane, Kathryn Schilling, Bruce Preece, Jess Greatwich, Jane Evans and Cathy Troup.

Apologies

Cr Heidi Thompson

Not Present

Nil

Leave of Absence

Nil

2. DEBATE AGENDA

2.1 OFFICE OF THE MAYOR AND CEO

2.1.1
LYNDOCH LAND PURCHASE
23/22958

MOVED Cr de Vries

That Council:

(1) Receive and note the update report and ratify the sealing of the contract by the Mayor and Chief Executive Officer for purchase of land being a portion of 1312 Barossa Valley Way, Lyndoch Allotment 3 in the proposed land division drawing number 23086-01, as tabled at Attachment 1, with Burge Family Wine Holdings Pty Ltd.

(2) Support and authorise the Chief Executive Officer to enter into a lease with Burge Family Wine Holdings Pty Ltd at an appropriate time, when the land is transferred to Council, to manage the vineyard on the following conditions:
   a. That Council shall only be required to provide 3 months' notice that the lease will cease when Council are ready to commence development on the land.
   b. That all revenue gained, and expenses incurred, in the management of the said land, shall be to the benefit and responsibility of Burge Family Wine Holdings Pty Ltd.
   c. No development or construction activities other than repairs, maintenance and other day to day activities shall take place on the land.
   d. All insurances shall be current for the necessary activities undertaken on the land.
   e. The uses of the land being a vineyard, cellar door and ancillary infrastructure shall remain unchanged.

(3) That the portion of land portion of 1312 Barossa Valley Way, Lyndoch Allotment 3 in the proposed land division drawing number 23086-01, as tabled at Attachment 1, when transferred to Council, is excluded from Community Land classification pursuant to Section 193(4) of the Local Government Act, until Council has development the land at which time it shall dedicate the land as community land and allocate the land to the appropriate Community Land Management Plan.

SECONDED Cr Hurn **CARRIED 2022-26/169**

PURPOSE

To formally update Council on successful negotiations and the entering into a contract for the strategic purchase of land at Lyndoch and ratify the application of the seal by the Mayor and CEO on the land purchase contract.

REPORT

Background
As Council is aware the long-term strategic direction for the Lyndoch Recreation Park has been to try and acquire the necessary land to support a facility that can cater for population growth, centralisation and thus efficiency of infrastructure and implemented the extensively consulted upon plans around activating Williamstown facility into a adventure location and expanded caravan park.

This imperative only grew stronger when the Concordia Development was announced by the Premier and the planning amendment commenced by the Minister. The strategy to cater for the Concordia growth at Lyndoch until critical mass what achieved at Concordia when further investments in community infrastructure are necessary, justified and can be funded.

Discussion

Update

Council is aware that the contract to achieve this strategic purchase of land has been executed within alignment with Councils resolution of

Legal advice requested the agreement to be signed under seal this needs to be ratified by Council. Council has approved the entering into the contract by the Chief Executive Officer and the contract is consistent with this and has been provided previously to members for information.

As Council are also aware the planning application needs to be made and has now been submitted on 23 May 2023 to adjust the allotment boundaries to release the land sought, which is Allotment 3 in the plan attached at Attachment 1.

Management of the Land Prior to Transfer and Post Transfer

The land which Council is contracted to purchase subject to a successful boundary realignment application is a working vineyard and cellar door. Council is obviously not geared up to manage such a site or operation nor has the resources. During negotiations it was discussed that Council consider, and in my opinion, a peppercorn lease to the current owners. They have the means and funding to manage the site.

This allows a sound mix of ensuring the land is maintained, economic benefits are maintained for the time being for the community and landowner and comes at not risk to Council. In communications with the landowners there are certain requirements Council would need which are summarised as:

1. Maintaining the land appropriately in sound economic and environmental way.
2. Ensuring the land is available to Council to access for its planning and design purposes.
3. Ensuring Council can cease the lease with 3 months' notice when development of the land is forecast to commence.
4. That Council has no responsibility for any costs, insurance or other matters associated with the land management or the commercial operations.

It is recommended that the interim management arrangements on the land are undertaken through a lease arrangement.

Next Steps

Relevant officers have scheduled a meeting with stakeholder to talk through the land transfer, boundary realignment, processes for redesign, funding and ultimately delivery on 14 June. Briefings will be provided to Council as the work progresses. Funding to support these costs are present in the draft 2023-24 budget.

Summary and Conclusion
The contract for purchasing the strategic piece of land is in place and the application for boundary realignment is lodged.

Planning and engagement is booked to commence.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1 Boundary Realignment Plan of Division
Attachment 2 Contract for the Sale and Purchae of Land

Supporting references
Nil

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Community Plan

Infrastructure

Goal

6. The Barossa maintains and develops infrastructure that meets the needs of the region and is efficient.
7. Community infrastructure planning is aligned to both current and the future needs of the community

Strategies

6.2. Continue to ensure that infrastructure considers place-making is inclusive and accessible for all.
7.2. Ensure both current and future infrastructure needs are met in a proactive rather than reactive way.

Legislative Requirements
Section 193 of the Local Government Act

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

There are no changes to the financial, resource or risk considerations arising from this report.

COMMUNITY ENGAGEMENT

Extensive community engagement has taken place when developing the Southern Barossa Recreational Hub masterplan and supporting business case and financial models. Further engagement has taken place in terms of the current footprint development and with the successful purchase and transfer of the land further engagement and redesign is planned.

2.1.2
DRAFT ANNUAL BUDGET AND BUSINESS PLAN 2023/24 INCORPORATING THE LONG TERM FINANCIAL PLAN 2023/24 – 2032/33
23/27359

MOVED Cr de Vries

That Council:

(1) Endorses the draft Annual Business Plan and Budget 2023/24 present at Attachment 1, including new initiatives considered during budget development and incorporating the annual review of the draft Long Term Financial Plan for the period 2023/24 to 2032/33, incorporating the draft Budget 2023/24 and draft Long Term Financial Plan for the period 2023/24 to 2032/33 for the Nuriootpa Centennial Park Authority, for the purpose of community consultation.

(2) Approves the consultation period being from 14 June 2023 to 4 July 2023 and that an allowance of one hour be made at a special Council Meeting on 5 July 2023 at 5.30pm for verbal submissions in response to public consultation.

(3) Authorises the Chief Executive Officer to make any minor and typographical corrections to the Annual Business Plan and Budget 2023/24

SECONDED Cr Hurn **CARRIED 2022-26/170**

PURPOSE

Further to the recent budget and rating workshops and meeting, the attached draft Annual Business Plan and Budget 2023/24 incorporating the Long Term Financial Plan 2023/24 to 2032/33 has been prepared for public consultation.

REPORT

Discussion
The Annual Business Plan and Budget (AB&BP) 2023/24 incorporates the Long Term Financial Plan (LTFP) 2023/24 to 2032/33 in the one document, but is divided under separate sections.

The financial information contained in this document has been prepared in accordance with Council's Budget and Business Plan and Review Policy and associated processes.

The formulation of the draft budget incorporates the work of numerous Council officers and teams which includes:
- budget preparation and input by budget managers
- checking and refining of data input, preparation of general budgets, employee costs etc by the Finance officers
- review and approval by the Executive Leadership Team (ELT).

This work results in the Finance staff collating, checking, reconciling, and finally preparing a draft budget and long term plan for Council consideration.

The input from Council is gained by holding workshops where discussions are held along with decisions at Council meetings, on various parts of the budget preparation and process, which provides direction for officers in the preparation of the draft budget.

The Big Project (TBP) has been included in these processes to check and ensure Council considered its financial sustainability for this significant program of work.

The following summarises the discussions held in each of the Council Workshops and Meetings:

20 December 2022 – Council Meeting
Endorse 2023/24 process

24 January 2023 – Council Workshop
Initial budget initiatives assessment

21 March 2023 – Council Workshop
Capital budget assessment, rating, and valuations information
Budget initiatives assessment and due diligence reports

18 April 2023 – Council Meeting
Presentation of all budget initiatives requests and analysis and determination of inclusions

3 May 2023
Further review of rating, valuation analysis and operating budget assessment

Budget Considerations

Draft Budget - Operating and Capital
Council adopts the Budget at a summary level as contained within the attached AB&BP and annual review of the LTFP.

Council General Rate revenue has been increased by:
- A net 3.5%; and
- Growth currently at 0.4%.

Waste Service charges are a net increase for all 3 services of 14.1% (adopted LTFP 3%) – review during budget consultation for any State government levy changes, waste and recycling collection and sorting cost increases. The refuse, recycling and green organics collection service charges combined will been increased from last year at $247 to $282

CWMS Service charge increased at 7.7% plus growth estimated at 1.1% to ensure service charge is sustainable (LTFP 0.5% plus 0.75% growth). The Residential CWMS Service charge will increase from last year at $362 to $390.

Operating income and expenditure is reflective of service requirements; using last year budget as a base and adjusted where service costs are affected by agreements, CPI, costs out of our control and/or other factors

Expenditure budgets have been reviewed by the ELT to streamline service provision and slow cost increases.

Depreciation of selected assets has been calculated based on the actual asset base allowing for assets held in work in progress and builds.

Capital Expenditure is $22.1m not including developer donated assets, this amount includes carried forwards approved with the Mid-year Budget Review and Budget Update March quarter and included in 23/24 capital budget. Capital Income for grants and contributions is budgeted at $2.7m.

Full Cost Attribution - an allocation of internal services to relevant charge areas has been estimated in the draft Budget/LTFP for consultation and applied to the Waste and CWMS service costs and the services charges. This allocation from internal to external service areas does not affect the overall net result.

New Initiatives (NI)
Assessment of budget initiatives has been completed and a report considered and resolution undertaken at the Council meeting of 18 April 2023 and those selected are in the draft budget.

Draft Long Term Financial Plan

High level financial information is included in the LTFP including key financial indicators (KPIs) with established targets and commentary on expected results and variances, checking Council's financial sustainability.

Council adopted the previous LTFP in July 2022; since then Council and corporate decisions, asset management and legislative requirements have effected functions and service provision and the expected operating result.

These decisions include grant funding submissions, including various other project or service requirements and "One-off projects" not included in the adopted LTFP.

Sub plans are incorporated for Waste Services and Community Wastewater Management Systems (CWMS) and Nuriootpa Centennial Park Authority (NCPA).

NCPA have reviewed their LTFP; for years 2023/24 and onwards income, expenditure and financing numbers have been used based on normal activity years.

The Big Project (TBP) projected costs, loans and grants have been included with operational activity provided when relevant.

Operating income and expenditure has been reviewed, the LTFP is drawn from the base year of 2023/24 applying annual indexation.

All future years discretionary project funding has been adjusted with $50k pa included from 2023/24 for community facility minor replacement/improvements. These funds enable future asset upgrades and/or new service options, including consideration of any TBP future programs.

The LTFP forecasts for forward years include:

- General rate increases are at 3.5% for years 2023/24, 3.25% for 2024/25 and 3% for all of the remaining years, plus 0.75% growth in assessment numbers.

- Other operating income and expenditure indexation for future years in the LTFP has been maintained at low levels to reflect the expected cost of services.

- Asset Renewal and/or Replacement expenditure is provided for on various buildings, recreation, transport, stormwater, bridge, CWMS and plant & equipment assets at $70m providing for future needs until the IAMP renewal programs have been prepared and approved.

- The Big Project capital expenditure program over the next nine years is $31m, funded by grants & contributions of $12m and the balance loan funding as needed. (Note: the majority of these projects are subject to funding approval and appropriate timing).

- Capital grants and contributions in this review include CWMS developer contributions $50k pa, other developer contributions $142k pa for two years.

- Infrastructure programs for new and upgraded roads, bike path, bridges, carparks, footpath program, stormwater and the continuous improvement program $8.3k with offset funding at $0.4m

- Loan financing is a mix of fixed loans and Cash Advance Debenture (CAD) in 2023/24 $6.2m, in 2024/25 $4.5m and in 2028/29 $2m with the CAD balance $nil by 2030/31.

- Council's loan debt is predicted to peak at $27.3m in 2024/25. The net loan balance outstanding as at 30 June 2023 will be $24m and a projected balance of $11.1m by 30 June 2033.

- The Community Wastewater Management Systems (CWMS) service charge 7.7% for 2023/24 and the future years ranging from 2% to 2.75%.

- The future years of the CWMS LTFP is forecasting a breakeven operating position, although a reserve is in place which should offset any unexpected costs. This draft CWMS LTFP does not currently make provision for the cost of Capital and/or Risk.

- Waste service charges and costs are expected to be increased for 2023/24 at 14% the future years ranging from 2% to 2.75% reflecting the expected cost of providing the service. Council staff will check for any changes to disposal cost changes and update the budget and services as/if needed.

Nuriootpa Centennial Park Authority Board Draft Budget and LTFP
The NCPA draft 2023/24 budget was endorsed at the Board meeting in April 2023.

These draft amendments have been incorporated into Council's consolidated draft AB&BP and LTFP and the changes are as follows:

- Operating income and expenditure amendments to reflect current trends, including future operating costs for TBP projects to start from the 2023/24 year

- Loans – repayments include:

- Council loan as at 30 June 2023 - $130k, is to be repaid in 2023/24.
- a LGFA fixed loan ending 2028/29
- Capital Expenditure - changes to renewal and upgrade program spending around cashflow requirements and holding sufficient funds for operations.

In line with Council process, NCPA are required to annually review their asset renewal/upgrade program to ensure any asset expenditure is warranted, checking service level requirements to accommodation capacity, usage and rates.

Summary and Conclusion and CEO Report
Council has reviewed its financial parameters for the LTFP, including the indexation used for forward projections on income and expenditure.

As noted in the Financial Considerations section of this report and the AB&BP, this financial analysis highlights that all KPI's are within the target ranges, the years 2023/24 to 2026/27 are forecast as a deficit position, with an accumulated return to surplus in 2030/31, and Council attains a financially sustainable position within the 10 year period of the LTFP.

With the inclusion of TBP grant funding and loan financing, Council has the capacity to undertake TBP asset construction, operational costs and other minor additional projects.

Consideration of other major works in future years will require a full review of the LTFP and as required, Due Diligence Reporting processes to check financial sustainability. The adoption of the Budget is due to be held in early July (date to be confirmed).

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Supporting references
Annual Business Plan and Budget Policy

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Community Plan

How We Work - Good Governance

Natural Environment and Built Heritage

Community and Culture

Infrastructure

Health and Wellbeing

Business and Employment

Goal

1. The Barossa has sustainable farmland providing diverse and stable returns, while protecting the unique natural environment and biodiversity of the region.
2. The history of our region including aboriginal sites is reflected in our streetscapes and our historic buildings are maintained for future generations.
3. We take a proactive approach in responding to key environmental challenges such as climate change, water security and waste management.
4. The Barossa fosters community resilience, connection and wellbeing through its social planning, recreation, safety, education, preventative health and social strategies especially for our youth and vulnerable people.
5. We are a strong community that is welcoming, safe and enjoys a quality lifestyle that celebrates our local identities, diversities, cultures and histories including our Aboriginal heritage.
6. The Barossa maintains and develops infrastructure that meets the needs of the region and is efficient.
7. Community infrastructure planning is aligned to both current and the future needs of the community
8. To have a connected and safe transport network that meets the needs of our community
9. Our community has fair and equitable access to the resources and services they need to lead a safe, healthy, inclusive and connected lifestyle
10. Our region enjoys the benefits of sustainable community groups, networks and facilities that encourage everybody to participate in the community.
11. The Barossa has a strong local economy that adapts, innovates and thrives on change and strives for a diverse industry base that provides a sustainable range of business and job opportunities for people.
12. We are a visitor destination of choice.
13. The Barossa is competitive and in a strong position to attract both private and public investment in the development of new and existing businesses, services and industry.

Strategies

1.1. Ensure land use planning and resource use protects the quality of the natural environment, the existing character of rural landscapes, historic significance and the high value of agricultural land.

1.2. Support tourism development that is sensitive to the natural environment and ensures that the unique character of the rural landscape is appropriately managed and promoted.

1.3. Build on the conservation of the region's natural heritage including bush eco-systems, grassy woodlands, agricultural landscapes and recreational green spaces.

2.1. Continue to maintain streetscapes that reflect the character and heritage of the region and facilitate opportunities to repurpose or find alternative uses of built heritage.

2.2. Ensure clearly defined townships are maintained to manage residential and commercial development that is sensitive to the natural environment and areas of historical significance.

3.1. Support community based sustainability initiatives to help reduce the Barossa's contribution to the climate crisis and build on the capacity of local residents and industry to mitigate negative impacts.

3.2. Collaborate with partners and our community to support innovative approaches to waste minimisation, and increase reuse and recycling opportunities.
3.3. Ensure long term confidence in the Barossa's capacity to access water to meet its industrial, domestic and environmental needs.
4.1. Build on a strong sense of community pride with active community groups and individuals participating in local decision making and community building activities.
4.2. Continue creating strong and sustainable community networks, and support young people to actively participate in the community and develop the leaders of the future.
4.3. Embrace place-making principles when developing community infrastructure and regulate planning and development in public spaces and active recreation.
5.1. Support the development of activities that celebrate the history, art and culture of the Barossa and its people.
5.2. Create places where people want to live and plan for the future in a coordinated, affordable, appropriate and proactive way.
5.3. Create vibrant public spaces that provide places for creative development, cultural interaction and social connections.
5.4. Recognising and celebrating the community successes and learning from opportunities.
6.1. Advocate for and identify funding opportunities that support the development of community, cultural, health and other facilities and infrastructure to meet personal and commercial needs of residents and businesses.
6.2. Continue to ensure that infrastructure considers place-making is inclusive and accessible for all.
6.3. The use of new and emerging technologies, alternative and renewable materials where appropriate and cost effective will be trailed.
7.1. Build on sound asset management practices to deliver sustainable services to ensure that infrastructure is adequate to support the community.
7.2. Ensure both current and future infrastructure needs are met in a proactive rather than reactive way.
8.1. Support opportunities to increase community transport and access to services and facilities.
8.2. Ensure a high quality road, shared paths and footpath network throughout the Barossa in partnership with all levels of government.
9.1. Work towards combating loneliness and social isolation and ensuring that people enjoy a sense of inclusion and feel connected.
9.2. Promote a healthy community through a planned approach to public health, and sustainable access to allied, primary and mental healthcare services and facilities.
10.1. Children and young people are supported to feel safe and to engage, thrive and feel empowered within the community.
10.2. Advocate for and encourage services that ensure equity and support inclusion and at risk members of the community.
10.3. Build on the capacity of community members to participate in cultural, creative, recreational, sporting and learning opportunities.
11.1. Work closely with State Government, Federal Government and other key stakeholders to support economic growth, development and job creation.
11.2. Support proactive population growth that is incremental, well managed and is backed up by local planning and development opportunities.

11.3. Promote the Barossa as a place for business's to thrive, invest, innovate, take measured risks and prosper.
12.1. Encourage and support the sector to further promote and develop tourism experiences including ecological, cultural and agricultural tourism.
12.2. Support economic development and destination awareness through events, festivals, creative enterprise and attractions.
12.3. Provide experiences and infrastructure that continue to support the needs of the tourism market.
13.1. Foster small business and industry confidence and growth that translates into innovation and strong employment figures.
13.2. Attract investment for new and innovative industries, and facilitate business growth by supporting local industry and their capacity to compete for government contracts.

Corporate Plan
6.2. Ensure that Council's policy and process frameworks are based on principles of sound governance and meet legislative requirements.

Legislative Requirements
Local Government Act 1999
Local Government (Financial Management) Regulations 2011, Regulation 9(1)(b)

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

The adoption of the Budget is required between 1 June and 15 August. To meet this timeline, the adoption of the draft public consultation document preferably should start in May or early June at the latest.

The Consumer Price Index for Adelaide all groups is 7.9% and the Local Government Price Index is 6.4% as at March 2023.

Financial Indicators and Sustainability
Financial performance is managed using suitable financial indicators and targets, as follows:

- KPI1 - Operating Surplus - a cumulative surplus by year 10
- KPI2 – Operating Surplus Ratio, Target - range (2%) to 10%.– Note: outliers including the timing of Federal grant payments and other unplanned events can create one-off deficits results outside of the target range
- KPI - No. 3 Net financial liabilities (NFL) ratio is greater than zero but less than 100% of total operating revenue
- KPI - No. 4 Capital outlays on renewing/ replacing assets net of proceeds from sale of replaced assets is greater than 80% but less than 110% of Infrastructure Asset Management Plans over a rolling three year period.

Financial Indicators report for the draft LTFP expected results are:

- Operating Surplus a deficit for years 2023/24 to 2026/26; accumulative surplus by year 2027/28 The general rate increases for years for 2023/24 is 3.5% and for 2024/25 at 3.25% and the remaining years in the LTFP are 3% plus growth in assessments and service nos. to recover the revenue and return to an operating surplus in 2030/31.

- Operating surplus ratios average 3 years. Council's forecast retrospective results range from (1.7%) to 3.4%; Annual ranges from (2.0%) to 4.4%.
- Net Financial Liabilities forecast is 61.5% in 2023/24 peaks at 69.1% or $33.6m in 2024/25 and by year 2032/33 is projected to be at 18.9% or $11.8m.
- Asset Renewal Funding Ratio target is being met over the ten year period, the average being 99.6% and within previously IAMP spend requirements. IAMP renewal spend information will be updated when the improvement plans are updated for future spend requirements. A selection of TBP builds will upgrade and replace a considerable amount of assets; these works will be identified and then re-assigned as appropriate to renewal works and therefore will improve this ratio.

Note: IAMP renewal spend information will be updated when the improvement plans are updated for future spend requirements. This KPI is assessed to ensure Council provides for replacement/renewal of existing assets as they wear out or are consumed. A substantial amount of 'Upgraded' asset work completed each year are partly renewing components of existing assets. For normal work cycles, components of these assets would need to be replaced when the depreciation or consumption of them had reduced their remaining life to zero, but as they are being upgraded to a better service level, they are effectively replacing asset components that would normally need to be replaced as/when due, this could have a significant favourable impact on the indicator.

COMMUNITY ENGAGEMENT

The public consultation period will commence from 8 June 2023 and closes on 28 June 2023 at 5pm. Verbal submissions will be considered at a special Council meeting on 28 June 2023, held at 5.30pm, providing one hour for members of the public to ask questions and make submissions in relation to the AB&BP and annual review of the LTFP.

Submissions will also be accepted by the following methods:

- via Council's engagement platform at yoursay.barossa.sa.gov.au,
- via Facebook www.facebook.com/thebarossacouncil,
- via email barossa@barossa.sa.gov.au, or
- in writing.

Public submissions will be considered by Council after the consultation period has ended, at a Special Council meeting to be called soon after submissions close.

The LTFP is incorporated with the AB&BP to ensure the two Plans align. This enables the community to be involved in the short and long term planning of Council's Budget.

2.1.3
GROWING REGIONS PROGRAM
23/22969

MOVED Cr Troup

That Council authorise:

(1) The Chief Executive Officer to make an application for the Barossa Creative Industries Centre to the Growing Regions Program Round 1, and if unsuccessful, target Round 2 of the Growing Regions Program and during the budget and business plan consultation period update the Annual Business Plan and Budget and Long-Term Financial Plan to give effect to this decision.

(2) A budget amendment to the 2022-23 budget of $17,040 ex GST to The Big Project budget to support the costs of the applications development.

SECONDED Cr de Vries

AMENDMENT

MOVED Cr Barrett

That Council endorse:

(1) The Chief Executive Officer make an application for the Barossa Creative Industries Centre to the Growing Regions Program Round 1 and during the budget and business plan consultation period update the Annual Business Plan and Budget and Long-Term Financial Plan to give effect to this decision.

(2) A budget amendment to the 2022-23 budget of $17,040 ex GST to The Big Project budget to support the costs of the applications development.

SECONDED Cr Preece

The amendment was CARRIED

The amendment became the motion and was CARRIED 2022-26/171

PURPOSE

To seek Council approval to prepare an Expression of Interest and if successful a Business Case for the Growing Regional Program (GRP) for the Barossa Creative Industries Centre (BCIC).

REPORT

Background
Historically there has been a community and economic development fund for regional and rural Australia offered by the Commonwealth Government. The prior

program was known as the Building Better Regions Fund (BBRF). This fund ceased soon after the current governance was elected. Council had an application pending the outcomes, of what is now, the final round of BBRF for the BCIC. No BBRF round 6 programs were funded as the program was cancelled.

The current Government has recently announced a new program called GRP and Council where briefed on the program at a recent workshop, the presentation information is at Attachment 1. The presentation can be provided publicly now as the component that made the briefing confidential has been made public, that being the purchase of land at Lyndoch. The GRP has been significantly rewritten and the governance model updated to remove the Ministerial Panel, the Department will make the decision of the Expression of Interest processes and make final recommendations to the Minister.

Introduction
The information as provided at Attachment 1 was developed shortly after the announcement of the new program and has since been verified and further clarifications made.

It is clear any project under the GRP guidelines must be formally approved under State planning laws for the purposes of development commencement; coupling a project that is approved with one under design and development will not comply with the program guidelines.

The above clarification leaves only one project which is shovel ready that meets the guidelines, the BCIC. The briefing notes at Attachment 1 articulate why other types of projects will not be eligible for instance stormwater, roads or footpaths.

One further recent critical clarification of the GRP guidelines is that it is very geared and tailored to social and community infrastructure, social inclusion and first nations outcomes. Job development, whilst important, is not the determining factor, unlike the BBRF program.

Discussion
The BCIC is the only investment of its type in the whole of The Big Project compared to significant recreational and sporting investments, all required. The BCIC is an approved strategic arts culture and heritage investment achieving Council's strategy for community, economic and social development. It encases in our Community Plan, Corporate Plan, approved stage 1 priorities for The Big Project and the Local Economic Development Plan. The project is also a priority in the Regional Development Australia Regional Plan, links strongly to the current State and Federal Government strategies including (links provided later in this report):

- SA - Arts and Culture Tourism Strategy 2025
- Commonwealth – National Culture Policy - Revive

There is no need currently to develop a further strategy, business case information or basis for the development given its extensive links and vision. An arts and culture plan is planned to be developed in 2023-24, which will activate these strategies and other investments and programs of Council. It is clear to me that investing in another strategy when we don't have the infrastructure vision in place is not the logically strategic path. The BCIC is the hub of a critical and enabling piece of infrastructure for the vision. It is also critical we deal with the matter of the existing condition of the regional gallery building in any case, which amount to significant investment needs alone, yet carried out in isolation, will add very little additional value. These deficiencies include: air-conditioning, power upgrade needs, further lighting, structural and cosmetic needs.

At Attachment 2 is the current Business Case analysis, which demonstrates a return on investment 4.28, which means for each $1 invested it returns $4.28 to the community, this will have potentially increased since the prior analysis due to cost and passage of time and if the Expression of Interest is approved this analysis will need to be updated for the Business Case. At the time of undertaking all the Business Case analysis work, performed independently, the BCIC has the highest rate of return than any other project under the banner of The Big Project. It is also important to understand the Business Case analysis is significantly aligned to the requirements of the Commonwealth Treasury.

The GRP at the time of developing the current draft budget and business plan was not released, there were no foreseeable grant funding programs available and thus it was pushed out in the current draft until at least the 2027-28 financial year. This announcement has changed the basis of the current settlings rationale and it is recommended it be revisited. As outlined recently to Council in notes I provided to a Notice of Motion the decision to align the BCIC to the revised date was dependent on a suitable grant program being available.

> *"Creative Industries Centre now targeted to commence in 2027-28 financial year unless grant funding can be achieved earlier."*

The strategy to proceed with an application now has many benefits for this project and the Lyndoch Recreation Precinct project. Whilst it is clear we cannot couple Lyndoch into the GRP Expression of Interest; the unique set of timing circumstances that now apply with the announcement of the GRP give the opportunity for an overall collective strategy that could be structured to achieve both projects and achieve Council's strategic funding requirements. This is achieved as follows:

- The BCIC is constructed at a current estimated cost of $13.922M, with significant contingencies.
- The model for The Big Project is 40% third party funding and 60% Council funding and is very much a strategy geared to lever grants up as former programs like BBRF gave additional weighting to greater matched funding contributions. The GRP does not, so long as it is no more than 50% of the cost for the geographical location in which our Council sits, it meets the guidelines, no additional benefit or determinant is achieved by funding a greater percentage.
- The BCIC can also apply for future Open Spaces funding through the State Government for the external elements of the project Council has a strong track record of success with Open Space funding applications: Barossa Adventure Station; Stockwell Pump Track etc.
- With open spaces funding target of $1M and GRP funding (of 50% of the cost) of $6.961M that achieves a third-party funding ratio of 57.2%.
- A funding ratio of 57.2% from third party sources releases $2.395M in Council's budget to support the Lyndoch development.

In analysing the Lyndoch development, the following applies:

- Current funds set aside in the draft budget and business plan for the development is $9.604M this is an increase in funding from the December 2022 report due to the second oval and new netball court needs but excludes the land purchase. It is likely with redesign this level of additional funding will be reduced as other works will no longer be required. The process of new design commences on 14 June 2023 when the Mayor, I and other senior staff meet with the park recreation stakeholders.
- Funding target from third parties on this build cost is $3.842M
- Only $500,000 has been sourced to date.
- Up to $825,000 is likely to be available from the next round of Local Roads and Community Infrastructure Program, which Council has already resolved to support the application of this program to Lyndoch (if it is does so Lyndoch is also not eligible for GRF but as stated above Lyndoch will not be eligible as it is not yet approved for development through the formal planning assessment process and won't be by the application date).
- The Barossa District Sporting Club (AFL and Netball) has in principle committed future funding up to $300,00 to the project.
- This makes a total forecast third part contribution of $1.625M being $2.217M short of the target.
- The third-party benefit from a successful GRP application for the BCIC and associated strategy as outlined in this report is $2.395M.

In other words when the projects are put together the total investment is fully funded and achieves the 40% third party funding and 60% Council funding model. The following table sets out the above analysis.

	BCIC		Lyndoch	
	TBP Base Model	GRP Model	TBP Base Model	GRP Model
Construction Cost	13,922,000	13,922,000	9,604,000	9,604,000
Council Contribution %	60%	42.8%	60%	83.1%
Council Contribution $	8,353,200	5,961,000	5,762,400	7,978,960
	BCIC + Lyndoch		Saving	
Total Council Funding	14,115,600	13,939,960	-175,640	

To ensure the sustainability of any decision to apply to the GRP Expression of Interest for the BCIC a full analysis of the Long-Term Financial Plan has been undertaken. The results of this analysis has been compared with that currently aligned to the draft Budget and Business Plan for the 2023-24 year settings approved and discussed by Council over the past 6 months.

The analysis provided at <u>Attachment 3</u>. The key analysis settings are:

1. The BCIC build costs commence in 2024-25 and finish in 2026-27 (likely to mainly be final components in early 2026-27).
2. Project starts in May 2024 similar time to Lyndoch if successful.
3. Additional operating funding allocated to budget from 2026-27 to run the facility.

4. Depreciation added at $350,000 base from 2026-27 to recognise the utilisation of the asset.
5. Borrowings adjusted accordingly needing additional upfront borrowing and nothing in the outyears after 2026-27 financial year.
6. A small increase in rates in 2024-25 to 2026-27 financial years to assist with cash flow needs above the current draft budget and business plan estimates and offset later in the forward estimates resulting in a rating reduction over the 10 years of 0.25% in total. As time proceeds and we continue to work on savings and outcomes of market forces and inflation this will be altered, or additionally further borrowings could be made.

The key performance indicators over the 10- year analysis period for the altered GRF investment decision model compared to the current Budget and Business Plan for 2023-24 show:

- Operating surplus being $946K less with a surplus position of $4.88M, target is to be in surplus.
- Operating surplus ratio within the targets set and ranges from -1.73% (target is no lower than -2%) and 3.44% (targe is not higher than 10%).
- Net financial liabilities (measuring what we owe against what is collected) are lower by $2.616M and peak at $35.743M in 2023-24.
- Net financial liabilities ratio is lower by 4.11% at year 10 and only 14.56% in total and peaks at 73.18% or 4.06% higher than the current forecast well within the target of 0% to 100%.
- Loan funding needed is $300,000 more than current forecast.
- Loan balances are the same as that currently forecast at year 10, as the loans to be used will be cash advances and paid back in full during the forecast period, the $11.136M is related to current fixed loans.
- The cash balance of Council is stronger from the financial year 2029-30 than currently forecast.

Further an update to The Big Project prudential report will be undertaken post the approval of the Budget and Business Plan for the 2023-24 year.

Assistance is needed due to workload and particularly Commonwealth funding – "program logic" expertise to give effect to the application. Council has worked extensively with Section 51 to write applications the principal of this company and staff has excellent understanding of the project. Having them assist staff to develop the EOI will be much more efficient than seeking other grant writer assistance who have no knowledge of the project. This will also allow project staff to concentrate on project rollout at Nuriootpa, Tanunda and Mt Pleasant whilst the Project Director, Team Leader Communications and Engagement and myself help write the application. A quote has been received and is at Attachment 4. The cost with some contingency allowance is $17,020. This will be funded through the general consultancy funds in The Big Project budget through an approved budget amendment.

Summary and Conclusion
The analysis and work undertaken support the sustainability of the strategy to proceed with the GRF application for the BCIC and it has two critical outcomes of being able to generate grants to deliver upon both the BCIC and Lyndoch developments within the bounds of The Big Project funding model.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1	Growing Regions Program Preliminary Briefing
Attachment 2	Business Case - Barossa Creative Industries Centre
Attachment 3	Growing Regions Program - Long Term Financial Analysis
Attachment 4	Section 51 Quote

Supporting references
Arts and Cultural Tourism Strategy 2025 | Tourism SA
A new National Cultural Policy | Office for the Arts

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Community Plan

Community and Culture

Infrastructure

Goal
4. The Barossa fosters community resilience, connection and wellbeing through its social planning, recreation, safety, education, preventative health and social strategies especially for our youth and vulnerable people.
7. Community infrastructure planning is aligned to both current and the future needs of the community

Strategies
4.3. Embrace place-making principles when developing community infrastructure and regulate planning and development in public spaces and active recreation.
7.2. Ensure both current and future infrastructure needs are met in a proactive rather than reactive way.

Legislative Requirements
Section 123 of the Local Government Act

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Outlined in the report. An updated full cost estimate for the BCIC was obtained by Officers in February 2023 in anticipation of future funding and Big Project financial modelling and prudential management reporting requirements.

Risk continues to be evident in cost growth, and the longer the builds take the greater this risk. There is reputational risk to Council inherent in not delivering the projects.

If the application is not successful there is a second round of funding in 18 months, however the benefit of releasing cash in the budget will be lost and that will potentially require Council to either fund additional costs at Lyndoch or the need to seek further third-party funding.

COMMUNITY ENGAGEMENT

There has been extensive consultation and engagement on The Big Project, and it continues as projects are rolled out. Budgets will be consulted upon and if approved the current budget and business plan will allude to this application.

3. CONFIDENTIAL AGENDA

3.1 Office of the Mayor and CEO

3.1.1
EXPRESSION OF INTEREST - TOUR DOWN UNDER 2024 - FOLLOW UP FROM JANUARY 2024
23/22510

The matter of the agenda item being commercial information of a confidential nature (not being a trade secret) the disclosure of which-

(i) could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and
(ii) would, on balance, be contrary to the public interest; pursuant to Section 90(3)(d) of the Local Government Act 1999 ("the Act") being information that must be considered in confidence.

There is strong public interest in enabling members of the public to observe Council's transparent and informed decision-making. This helps to ensure accountability, maintain transparency of public expenditure, facilitate public participation, assist public awareness and allow for the scrutiny of information. Attendance at a Council meeting is one means of satisfying this interest. The public will only be excluded from a Council meeting when the need for confidentiality pursuant to Section 90(2) of the Act outweighs the public interest of open decision-making.

In this matter, the reasons that receipt, consideration or discussion of the information or matter in a meeting open to the public would be contrary to the public interest are that as the matter has been requested to be considered confidential due to the commercial sensitive nature of the event.

On balance, the above reason which supports the need for confidentiality pursuant to Section 90(2) of the Act outweighs the factors in favour of the public interest of open decision-making.

MOVED Cr de Vries

That Council:

(1) Under the provisions of Section 90(2) of the *Local Government Act 1999*, make an order that the public be excluded from the meeting with the exception of the Chief Executive Officer, Director Corporate Services and Business Innovation, Director Development and Community Services, Director Infrastructure and Environmental Services, and the Minute Secretary, in order to consider in confidence a report relating to 3.1.1 Expression of Interest - Tour Down Under 2024 - Follow Up from January 2024 being information that must be considered in confidence pursuant to:

Section 90(3)(d) of the *Local Government Act 1999:*

commercial information of a confidential nature (not being a trade secret) the disclosure of which-

(i) could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and
(ii) would, on balance, be contrary to the public interest; and

(2) Accordingly, on this basis, Council is satisfied that public interest in conducting meetings in a place open to the public has been outweighed by the need to keep the information and discussion confidential in order that as the matter has been requested to be considered confidential due to the commercial sensitive nature of the event.

SECONDED Cr Hurn **CARRIED 2022-26/172**

The meeting moved into confidence at 7.44pm

Pursuant to Section 75 of the Local Government Act 1999, Cr Greatwich disclosed a material Conflict of Interest in the matter Item number 3.1.1 - Expression of Interest - Tour Down Under 2024 - Follow up From January 2024 as she is a Director of the SA Tourism Commission Board as Event SA is a subsidiary of the SA Tourism Commission Board and advised that she will leave meeting.

Cr Greatwich left the meeting at 7:45pm

MOVED Cr de Vries

That Council

(1) Council resolution

(2) Having considered this matter in confidence under Sections 90(2) and 90(3)(d) of the *Local Government Act 1999,* makes an order pursuant to Section 91(7), that the minutes, agenda report and attachments other than the minutes relating to this confidentiality order of the Confidential Council Meeting held on 16 May 2023 in relation to item 3.1.1 Tour Down Under 2024 be kept confidential and not available for public inspection until Lifting of the embargo by Events South Australia and authorise the Chief Executive Officer to review and revoke the order.

SECONDED Cr Troup **CARRIED CO2022-26/173**

Resumption of open council meeting at 7.53pm

Cr Greatwich returned to the at 7.53pm

3.1.2
TALUNGA VILLAGE - MANAGEMENT ARRANGEMENTS
23/27381

The matter of the agenda item being information the disclosure of which-

(i) would divulge information provided on a confidential basis by or to a Minister of the Crown, or another public authority or official (not being an employee of the council, or a person engaged by the council); and
(ii) would, on balance, be contrary to the public interest; pursuant to Section 90(3)(j) of the Local Government Act 1999 ("the Act") being information that must be considered in confidence.

There is strong public interest in enabling members of the public to observe Council's transparent and informed decision-making. This helps to ensure accountability, maintain transparency of public expenditure, facilitate public participation, assist public awareness and allow for the scrutiny of information. Attendance at a Council meeting is one means of satisfying this interest. The public will only be excluded from a Council meeting when the need for confidentiality pursuant to Section 90(2) of the Act outweighs the public interest of open decision-making.

In this matter, the reasons that receipt, consideration or discussion of the information or matter in a meeting open to the public would be contrary to the public interest are that information related to tenancy arrangements and personal details.

On balance, the above reason which supports the need for confidentiality pursuant to Section 90(2) of the Act outweighs the factors in favour of the public interest of open decision-making.

Pursuant to Section 75 of the Local Government Act 1999, Cr Angas disclosed a material Conflict of Interest in the matter Item number 3.1.2 - Talunga Village - Management Arrangements as he is a Director of the Barossa Village Board of Management and advised that will leave meeting.

Cr Angas left the meeting at 7:53pm

MOVED Cr Hurn

That Council:

(1) Under the provisions of Section 90(2) of the *Local Government Act 1999*, make an order that the public be excluded from the meeting with the exception of the Chief Executive Officer, Director Corporate Services and Business Innovation, Director Development and Community Services, Director Infrastructure and Environment, and the Minute Secretary, in order to consider in confidence a report relating to 3.1.2 Talunga Village - Management Arrangements being information that must be considered in confidence pursuant to:

Section 90(3)(j) of the *Local Government Act 1999:*

information the disclosure of which-

(i) would divulge information provided on a confidential basis by or to a Minister of the Crown, or another public authority or official (not being an employee of the council, or a person engaged by the council); and
(ii) would, on balance, be contrary to the public interest; and

(2) Accordingly, on this basis, Council is satisfied that public interest in conducting meetings in a place open to the public has been outweighed by the need to keep the information and discussion confidential in order that information related to tenancy arrangements and personal details.

SECONDED Cr Preece **CARRIED 2022-26/174**

The meeting moved into confidence at 7.53pm

MOVED Cr de Vries

That Council:

(1) Council resolution.

(2) Council resolution

(3) Council resolution

(4) Having considered this matter in confidence under Sections 90(2) and 90(3)(j) of the *Local Government Act 1999,* makes an order pursuant to Section 91(7), that the minutes, agenda report and attachments other than the minutes relating to this confidentiality order of the Confidential Council Meeting held on 7 June 2023 in relation to item 3.1.2 Talunga Village - Management Arrangements be kept confidential and not available for public inspection until 6 June 2024 and authorise the Chief Executive Officer to review and revoke the order.

SECONDED Cr Schilling **CARRIED CO2022-26/175**

Resumption of open council meeting at 7.56pm

Cr Angas returned to the meeting at 7.56pm

4. NEXT MEETING

Tuesday 20 June 2023 at 5.30pm

5. CLOSURE

Mayor Lange declared the meeting closed at 7.56pm

Confirmed at Council Meeting on 20 June 2023

Date:………………………………. Mayor:………………………………….