



COUNCIL MEETING

MINUTES

Thursday 21 December 2023

Commencing at 5:00pm

Via Teams

**Wayne O'Toole
Chief Executive Officer
Buloke Shire Council**

Minutes of the Meeting held on Thursday, 21 December 2023 commencing at 5:00pm in the Via Teams**PRESENT****CHAIRPERSON:**

Cr Alan Getley Mallee Ward

COUNCILLORS:

Cr Bernadette Hogan Mallee Ward
Cr David Pollard Lower Avoca Ward
Cr Graeme Milne Mount Jeffcott Ward
Cr Bronwyn Simpson Mount Jeffcott Ward
Cr Daryl Warren Mount Jeffcott Ward

OFFICERS:

Wayne O'Toole Chief Executive Officer
Hannah Yu Director Infrastructure and Delivery
Dan McLoughlan Manager Assets
Rory White Acting Director Community Development
Rowan Gronlund Manager Innovation and Technology

AGENDA**1. COUNCIL WELCOME**

WELCOME

The Mayor Cr Alan Getley welcomed all in attendance.

STATEMENT OF ACKNOWLEDGEMENT

We acknowledge the traditional owners of the land on which we are meeting. We pay our respects to their Elders and to the Elders from other communities who maybe here today.

2. RECEIPT OF APOLOGIES

Cr Carolyn Stewart Lower Avoca Ward (leave of absence)

3. DECLARATION of PECUNIARY AND CONFLICTS OF INTEREST

There were no declarations of interest.

3. ITEMS OF BUSINESS

3.1 BIRCHIP COMMUNITY HOUSING GROWING REGIONS APPLICATION STAGE 2

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4. MEETING CLOSED

NEXT MEETING

THE NEXT COUNCIL MEETING WILL BE HELD IN WYCHEPROOF SUPPER ROOM, 367 BROADWAY, WYCHEPROOF ON WEDNESDAY, 14 FEBRUARY 2024 AT 7:00PM.

Wayne O'Toole
Chief Executive Officer

3. ITEMS OF BUSINESS

3.1 BIRCHIP COMMUNITY HOUSING GROWING REGIONS APPLICATION STAGE 2

Author's Title: Director Infrastructure and Delivery

Department: Infrastructure and Delivery

File No: FM|04|17

Relevance to Council Plan 2021 - 2025

Strategic Objective: Our Built and Natural Environment

PURPOSE

This Report is for Council to further support to the Birchip Community Housing (Birchip Housing) in their application to the Growing Regions Program by considering approval for increasing Council's guarantee amount for a 10-year loan and allocating funds via the Council's Grant Opportunity Reserve.

SUMMARY

Birchip Housing applied via an Expression of Interest (EOI) to the Growing Regions Program (Program) for the construction of 3 new housing units to be built at 56 Cumming Avenue, Birchip (Project).

In November 2023, Birchip Housing were advised the EOI was accepted and they were eligible to progress to Stage 2 of their Application under the Program.

Following this advice, Birchip Housing were provided with updated estimates associated with construction of the housing units. The updated advice received has highlighted the need for additional funds in order to complete the Project scope.

MOTION:

That Council:

1. Gives approval for Birchip Community Housing Incorporated to seek a bank loan of up to \$350,000 to complete the construction, should their funding application be successful;
2. Provides in principle support to act as guarantor for a 10-year loan up to a maximum of \$350,000;
3. Authorises the Chief Executive Officer to negotiation the terms and structure of the guarantor agreement with Birchip Community Housing Incorporated and the bank;
4. Allocate up to \$100,000 over 2023/24 and 2024/25 financial years through the established Grant Opportunity Reserve.
5. Makes the land at 56 Cumming Avenue, Birchip available to implement the construction work proposed under the Project.

MOVED: CR DARYL WARREN

SECONDED: CR GRAEME MILNE

CARRIED.

(R187/23)

Attachments: Nil

DISCUSSION

At its August 2023 Council Meeting, Council resolved to support Birchip Housing in its application to the Program for the construction of 3 new housing units by:

- Giving approval for Birchip Housing to seek a bank loan of up to \$300,000 to complete construction, should their funding application be successful and
- Providing in-principle support to act as guarantor for a 10-year loan up to a maximum of \$300,000

Birchip Housing have now been advised that they are successful to proceed to stage 2 of the Program and have been invited to complete an application with respect to the proposed Project.

During the intervening period between Birchip Housing's EOI submission and their invitation to make an application, updated information regarding housing design requirements in assisted living facilities have been introduced. Coupled with increases in costs of construction, the total project cost is forecasted to be \$1.26M, which represents an increase of \$236,000 under the original EOI.

In order to meet the 50:50 financial contribution required by the funding guidelines to deliver the Project, having regard to the updated cost estimates received since the EOI was submitted to the Program, Birchip Housing have confirmed the following funding requirements:

- \$130,000 contribution from Birchip Housing
- \$50,000 contribution from Cargill Cares (a local philanthropic organisation)
- \$350,000 bank loan
- \$100,000 Council cash contribution from the Council's Grant Opportunity Reserve

RELEVANT LAW

The *Building Act 1993* and regulations, the *National Construction Code 2019* and all other applicable laws and standards will apply to the construction of the proposed Project.

RELATED COUNCIL DECISIONS

Council renewed its commitment to support Birchip Housing for ongoing developments at its Council Meeting held on 9 November 2022.

Council further resolved to provide support to Birchip Housing by way of acting as guarantor for a loan of up to \$300,000 at its August 2023 Council Meeting.

OPTIONS

The Council may elect not to support this funding opportunity or act as guarantor for the loan, noting that without providing financial support via the Grant Opportunity Reserve and acting as guarantor the Project is at risk of not being delivered.

SUSTAINABILITY IMPLICATIONS

The proposed modular facilities will incorporate sustainable designs features including utilising natural lighting and ventilation, high efficiency water fixtures and lighting.
Additional housing supply will improve the sustainability of the Birchip population.

COMMUNITY ENGAGEMENT

Council has had ongoing engagement with Birchip Housing and has previously support them on similar funding applications in relation to the proposed Project.

INNOVATION AND CONTINUOUS IMPROVEMENT

The modular building concept allows for an easily adaptable, recyclable and movable facilities if ever required.

COLLABORATION

It is noted that the Council has provided support to the Birchip Housing in previous projects, including through acting as guarantor for a loan.

A Notice of Motion at the Council's November 2022 Council Meeting identified options available to the Council and the administration for continued and active support of the proposed Project including but not limited to activating support options provided for under the Community Support Policy such as support by waiving fees associated with planning and/or building permits for required works.

FINANCIAL VIABILITY

The Loan Guarantee Policy was adopted by Council at its meeting held 12 October 2022. The Policy provides a means of supporting community organisations to self-fund capital asset projects by providing:

- A mechanism to fund community assets on land owned or controlled by Council
- A funding solution enabling community organisations to manage the resultant loan agreement directly with the financial lending institution.

Council's exposure to the total loan guarantee commitment is restricted to \$500,000 as per the adopted Policy. Council's total loan guarantee commitment is measured based on the outstanding balance of loans guaranteed by Council.

The Council is currently acting as guarantor for a loan for Charlton Park Committee, however, does have capacity to guarantee this loan to the value of \$350,000.

There is a financial risk on Council if the Committee defaulted on the loan. The Council's Loan Guarantee Policy outlines standards and requirements in relation to requests and agreements which must be met in order for the Council to agree to act as guarantor, including that a guarantor agreement must be negotiated with the Committee to minimise risks associated with loan defaults.

The loan guarantee is included in Council's annual financial statements as a contingent liability and reported in the 2022/23 Annual Financial Statements. Council has the following funding arrangements in place as at 30 June 2023:

- Other facilities – Bank Guarantee Total Facilities \$150,000 Used facilities \$135,000 Unused facilities \$15,000

The total loan guarantee commitments will be considered to ensure the total loan guarantee commitments and Council's external borrowings do not exceed the following Victorian Auditor General Office sustainability guidelines and Borrowing Prudential indicator thresholds:

- Liquidity: VAGO > 1.5
- Indebtedness: VAGO < 40%
- Debt management: VAGO < 25%
- Debt commitment: VAGO < 5

As Council has no loan obligations and only the loan guarantees, Council is well within the limits of the Borrowing Prudential indicator thresholds.

Council has provided in principle support to act as guarantor for a 10-year loan up to a maximum of \$300,000 for Birchip Housing, however this report advises that the bank loan would be \$350,000.

The Birchip Housing has provided Council the Financial Statements for the years ended 30 June 2021, 30 June 2022 and 30 June 2023. Birchip Housing has also provided a Cash Summary for the ten years ended 30 June 2032. The Cash Summary provides for:

- Strong cash flows for the 10-year period
- Repayment of the investment loan over a 7-year period
- Construction costs \$1,260,000
- Regional Infrastructure Funds Grant \$630,000
- Buloke Shire Council Contribution \$100,000
- Donations \$50,000

Birchip Community Housing is in a strong financial position with Cash \$119,000, Land and Buildings \$1.847 million and Retained Earnings \$1.966 million.

REGIONAL, STATE AND NATIONAL PLANS AND POLICIES

The proposed Project aligns with the information released to date by the State Government in relation to the 10-year Strategy for Social and Affordable Housing which is currently being developed in recognition of the need for all Victorians to have access to safe, affordable and appropriate housing.

COUNCIL PLANS AND POLICIES

The Shire's Interim Economic Development and Tourism Strategy 2022-23 states that "there is a shortage of quality housing for employees (especially in professional and technical service sectors) and retirees or semi-retirees looking to locate in the Shire". The proposed Project will assist in both these areas through directly providing additional rental housing for retirees and freeing up larger dwellings for new employees. The Strategy has nominated "meeting the housing challenge" as one of its explicit strategies.

TRANSPARENCY OF COUNCIL DECISIONS

Council has met its transparency obligations by ensuring consultation has been undertaken with relevant stakeholders within the Birchip community.

Council officers have engaged with Birchip Community Housing Incorporated regarding the project proposal.

CONFLICTS OF INTEREST

No Officers involved in the preparation of this report have a declared conflict of interest.

QUESTION FROM COUNCILLOR SIMPSON:

What is Council actually handing over to the Birchip Community Housing Incorporate Committee at 56 Cumming Street, Birchip and are there any associated costs additional to Council?

ANSWER FROM CEO

Any additional costs will largely be in-house and will be minimal.

4. MEETING CLOSED

Meeting closed at 5.20pm