

MINUTES

SPECIAL MEETING OF COUNCIL

Tuesday, 1 September 2015

Held at the
Council Conference and Reception Centre
City Hall, Little Malop Street, Geelong
commencing at 7.20p.m.

COUNCIL:

Cr. D. Lyons
Mayor

(G21 Geelong Regional Alliance, Finance, Governance, Regional Cities)

Cr. T. Ansett (*Windermere*)

(Heritage, Rural Communities)

Cr. L. Ellis (*Coryule*)

(Coastal Communities, Infrastructure, Parks and Gardens, Climate Change)

Cr. J. Farrell (*Beangala*)

(Community Safety, Youth, Women in Community Life, Finance)

Cr. K. Fisher (*Corio*)

(Community Development, Tourism)

Cr. B. Harwood (*Kardinia*)

(Enterprise Geelong, Primary Industries)

Cr. M. Heagney (*Brownbill*)

(Central Geelong, Planning)

Cr. J. Irvine (*Austin*)

(Sport and Recreation)

Cr. E. Kontelj (*Cowie*)

(Aboriginal Affairs, Multicultural Affairs, Finance)

Cr. R. Macdonald (*Cheetham*)

(Major Projects, Knowledge Economy & Education, Veteran Affairs)

Cr. R. Nelson (*Deakin*)

(Major Events)

Cr. A. Richards (*Buckley*)

(Environment & Sustainability, Transport, Arts & Culture, Climate Change)

**MINUTES OF THE SPECIAL MEETING
OF THE GREATER GEELONG CITY COUNCIL
HELD AT THE COUNCIL CONFERENCE AND RECEPTION CENTRE
CITY HALL, LITTLE MALOP STREET, GEELONG
TUESDAY, 1 SEPTEMBER 2015
COMMENCING AT 7.20P.M.**

REASON FOR SPECIAL MEETING:

To avoid delays in commencing Simonds Stadium Stage 4 Development.

PRESENT: Crs D Lyons (Mayor), T Ansett, L Ellis, J Farrell, K Fisher, B Harwood, M Heagney, J Irvine, E Kontelj, R Macdonald, R Nelson, A Richards

Also present: K Spiller (Interim Chief Executive Officer), D Frost (General Manager Strategy & Performance), P Bettess (General Manager Planning and Tourism), W Tieppo (General Manager City Services), L Quinn (General Manager Community Services), J McMahon (Acting General Manager Projects, Recreation and Central Geelong), P Jane (Manager Sport and Recreation), R Bourke (Governance Co ordinator), T McDonald (Manager Customer Services & Councillor Support), J Merlo (Senior Media Officer), A Paterson (EO – Mayor)

OPENING: The Mayor declared the meeting open at 7.20pm

ACKNOWLEDGEMENTS:

Council acknowledges Wadawurrung Traditional Owners of this land and all Aboriginal and Torres Strait Islander People who are part of the Greater Geelong community today.

APOLOGIES: Nil.

DECLARATIONS OF CONFLICTS OF INTEREST: Nil

SIMONDS STADIUM - STAGE 4 DEVELOPMENT

Portfolio: Sport and Recreation – Cr Irvine
Source: Projects, Recreation & Central Geelong / Sport & Recreation
I/General Manager: Jenny McMahon
Index Reference: Property #214458 Simonds Stadium

Purpose

The purpose of this report is to advise Council that the Hon John Eren MP has written to Council advising that conditions placed upon the Government as resolved at the Council Meeting (25 August 2015) are unacceptable to Government.

Summary

- Council at its meeting on the 25 August 2015 resolved to support the Geelong Football Club's request for \$6M.
- The Hon John Eren MP has advised Council that the conditions contained within the recommendation are unacceptable to Government.
- Hon John Eren MP has called upon Council to reconsider its position.

Cr Lyons moved, Cr Irvine seconded -

That Council:

- 1) **As land manager, approve the development of Simonds Stadium (Stage 4) subject to:**
 - a. the State Government of Victoria agreeing to take ownership of the new stand, including asset and maintenance obligations;
 - b. the development being inclusive of external works that are required as direct result of the Stage 4 development;
 - c. the reinstatement of Legends Plaza to the satisfaction of Council; *and*
 - d. all additional costs associated with delivering events in the venue over the construction period, being borne by the project.
- 2) **Agrees in principle to commit \$6M to the Stage 4 Simonds Stadium development and authorises the CEO to sign funding agreements with the Geelong Football Club conditional on the following, that:**
 - a. payment is due on practical completion of the project with the project having satisfied the funding requirements;
 - b. the State Government enters into an agreement with Council agreeing that the State Government will:
 - assume management and operations of Simonds Stadium;
 - absolve Council of any ongoing financial contributions to the operation and management of Simonds Stadium;
 - undertake reasonable endeavours to assume management and operations of Simonds Stadium at the commencement of the 2016/2017 financial year.

- c. Council, the Geelong Football Club and State Government enter into a sponsorship agreement that recognises Councils contribution to the project. This agreement shall not adversely impact existing commercial opportunities.**
- 3) Supports the staged implementation of the Kardinia Park Trust Working Group and authorises the CEO to:**
 - a. enter into negotiations with the Victorian State Government and Kardinia Park Trust to transition operations;**
 - b. decline the request for continued Simonds Stadium operational funding for the Trust; and**
 - c. report back to Council on negotiations prior to the conclusion of the calendar year.**

Carried.

Background

Council at its meeting of the 25 August 2015 resolved the following with respect to the Simonds Stadium Stage 4 development.

That Council:

- 1) As land manager, approve the development of Simonds Stadium (Stage 4) subject to :
 - a) the State Government of Victoria agreeing to take ownership of the new stand, including asset and maintenance obligations;
 - b) the State Government of Victoria accepting financial liability for any works triggered as a consequence of the development within the broader parklands and internal road network;
 - c) the reinstatement of Legends Plaza to the satisfaction of Council; and
 - d) all additional costs associated with delivering events in the venue over the construction period, being borne by the project.
- 2) Agrees in principle to commit up to \$6M to the Stage 4 Simonds Stadium development and authorises the CEO to sign funding agreements with the Geelong Football Club for up to \$6M, conditional on the following, that:
 - a) the payment is not due until the conclusion of the 2017/2018 financial year;
 - b) the State Government enters into an agreement with Council agreeing that the State Government will:
 - assume management and operations of Simonds Stadium and Kardinia Park;
 - absolve and indemnify Council of any ongoing financial contributions to the operation and management of Simonds Stadium and Kardinia Park;
 - c) Council, the Geelong Football Club and State Government enter into a sponsorship agreement that recognises Councils contribution to the Project.
- 3) Supports the staged implementation of the Kardinia Park Trust Working Group and authorises the CEO to:
 - a) enter into negotiations with the Victorian State Government and Kardinia Park Trust to transition operations;

- b) decline the request for continued operational funding for the Trust; *and*
- c) report back to Council on negotiations prior to the conclusion of the calendar year.

Discussion

The Hon John Eren MP Minister for Sport wrote to Cr Lyons, Mayor of the City of Greater Geelong on Thursday 27 August 2015 noting that the conditions contained within Council recommendation were unacceptable to Government and called for Council to reconsider its position.

The points of concern for the Government specifically relate to obligations beyond the current Simonds Stadium boundaries as noted in 2b) of the resolution above and the cost associated with the operations and management of these.

Environmental Implications

There are no environmental implications as a result of this report.

Financial Implications

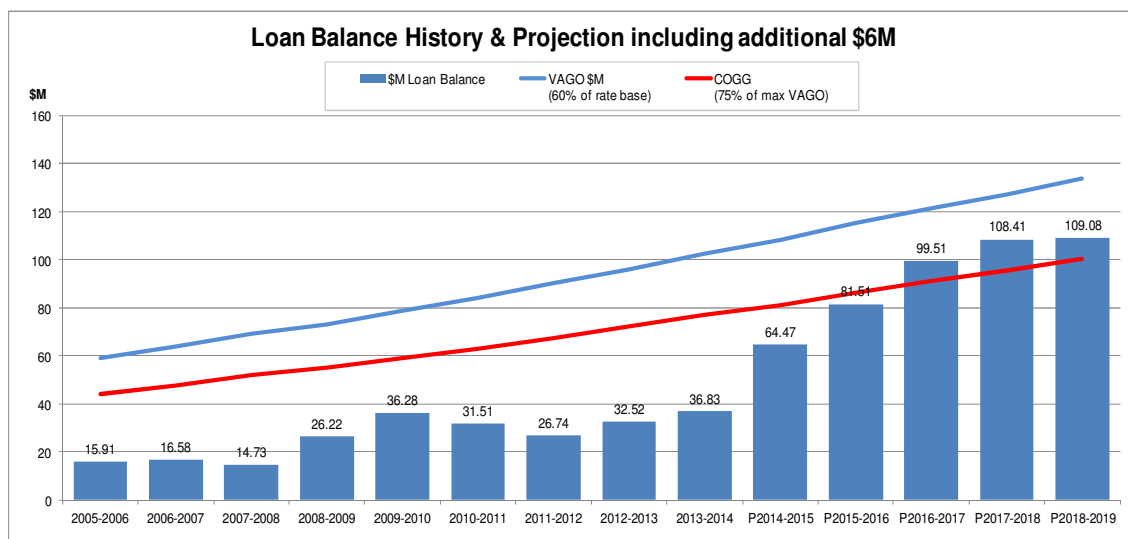
As previously reported on 25 August 2015 Council has not budgeted to support the Simonds Stadium (Stage 4) redevelopment in the 2015-16 budget or in Council's Strategic Resource Plan.

Similarly, Council has not budgeted for an ongoing annual financial commitment of \$1.5M to support the operations of the stadium once the Kardina Park Trust is in place, however the savings that would come with the cessation of Council's operational role have not been factored in.

The following options have been identified as possible means of funding the \$6M request for Stage 4 of the Simonds Stadium development :

a) Borrowings

Debt levels greater than 60% of the rate revenue represents potential for longer term concern over ability to repay debt according to the Victorian Auditor General's Office (VAGO). If Council was to borrow \$6M in 2016-2017 it would cost Council \$7.3M over 10 years to repay the loan and would increase debt levels well over the self imposed 75% threshold of the recommended 60% level recommended by VAGO.



b) Rate increase

If Council was to consider funding the Simonds Stadium (stage 4) development via a rate increase, it would need to consider that a 1% rate increase equated to \$1.4M. To achieve \$6M funded over a 3 year period would require a single rate increase of 1.5% in the first year. The Essential Services Commission in its draft Blue Print for Change (July 2015) recommends a process whereby a variation to rate capping may be sought and notes five matters that the variation should address in seeking the variation. The Blue Print also recommends that variations can only be approved for a single year in the 2016/2017 year.

Whilst an opportunity exists for Council to apply for a variation the outcome would not be known until May 2016. This timing of advice would pose a significant financial risk to Council.

c) Revise Capital Works Priority

Council could review its long term plan capital works and make a contribution to the Geelong Football Club of an amount equal to or less than \$6M from the future capital works programme subject to the programme being amended with future projects being deferred.

d) Savings

The transition of the stadium and potentially park operations to the Kardinia Park Trust represents a significant savings opportunity for Council that, if realised, has the capacity to fund the \$6M request.

The subsequent request for \$1.5M to support the Trusts operations significantly affects that capacity to realise savings from the transition. Currently operational funding for the Stadium is in the order \$1.5M and \$700k for the parkland, the capacity to realise these savings will be dependant on an understanding of Council's future financial obligations to the Trust.

Policy/Legal/Statutory Implications

Council is currently the Committee of Management for the reserve under the Geelong (Kardinia Park) Land Act 1950. Council is obligated to meet requirements set out by the Department of Environment, Land, Water & Planning in it's duties as the Land Manager.

It is anticipated that legislation will be placed before parliament before the end of this calendar year that will transfer this obligation to the Kardinia Park Trust.

The Geelong Football Club at this stage has not fulfilled all its obligations under the conditions of Council's contribution to Stage 3. The delivery of a Kardinia Park Master Plan remains outstanding. Discussions with the Kardinia Park Trust chair have indicated that it would be willing to fulfil this obligation.

Alignment to City Plan

Kardinia Park contributes to Council achieving objectives outlined in the City Plan 2013-17:

- Community wellbeing – Sport, recreation and social activities within the reserve contribute to the health and wellbeing of the community.
- Growing our economy – Activities and events held at Kardinia Park, and in particular Simonds Stadium, have a significant positive impact on Geelong's economy.
- Sustainable built and natural environment – the parkland provides an area of natural environment within one of the most highly developed areas of Geelong. A number of projects focused on sustainability have been delivered, including stormwater reuse.

Officer Direct or Indirect Interest

No Council officers involved in the preparation of this report are known to have a direct or indirect interest in matters to which this report relates.

Risk Assessment

In providing consent for the development, Council exposes itself to a significant operational funding increase to maintain the \$90M stand (based on the industry norm calculation of maintenance costs at 1% to 2% capital cost). This cost could amount to an obligation of up to \$2M annually. This risk has been mitigated with the inclusion of the recommendation seeking that the Victorian Government accepting the Stand asset.

Social Considerations

Kardinia Park provides a range of social and health benefits through the provision of sport and recreation opportunities to the wider community. Kardinia Park and in particular Simonds Stadium, is a place of great value to the community due to its status as Geelong's premier sporting precinct.

Human Rights Charter

This report has no impact on compliance with the Human Rights Charter.

Consultation and Communication

The Victorian State Government through Sports and Recreation Victoria, The Kardinia Park Trust and the Geelong Football Club have been consulted with in the formation of this report.

CLOSE OF MEETING

As there was no further business the meeting closed at 7.40pm. Tuesday, 1 September 2015.

Signed: _____
Chairperson

Date of Confirmation: _____