

18 CONFIDENTIAL ITEMS

Councillor Andrew Grieger declared a perceived Conflict of Interest in this item and remained in the meeting.

205

18.1 EXECUTIVE STAFF HOUSING RENEWAL - 18 HENSLEY STREET, PINNAROO**RECOMMENDATION**

That:

1. Pursuant to Section 90(2) & (3) of the Local Government Act 1999 the Council orders that the public, with the exception of the Chief Executive Officer, Manager Corporate Services, Manager Infrastructure Services, Manager Property and Development Services, Manager Major Project Delivery, Coordinator Executive Services, Coordinator Organisational Development and the Minute Secretary be excluded from attendance at the meeting held on Wednesday 16 February 2022 for Agenda Item 18.1 Executive staff housing renewal - 18 Hensley Street, Pinnaroo;
2. The Council is satisfied that pursuant to section 90 (3) (b)(i) of the Local Government Act 1999, the information to be received, discussed or considered in relation to the Agenda Item 18.1 Executive staff housing renewal - 18 Hensley Street, Pinnaroo is:

information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council.
3. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed by the need to discuss this Agenda Item 18.1 in confidence.

MOVED COUNCILLOR PAUL IRELAND

SECONDED COUNCILLOR NEVILLE PFEIFFER

That:

1. Pursuant to Section 90(2) & (3) of the Local Government Act 1999 the Council orders that the public, with the exception of the Chief Executive Officer, Manager Corporate Services, Manager Infrastructure Services, Manager Property and Development Services, Manager Major Project Delivery, Coordinator Executive Services, Coordinator Organisational Development and the Minute Secretary be excluded from attendance at the meeting held on Wednesday 16 February 2022 for Agenda Item 18.1 Executive staff housing renewal - 18 Hensley Street, Pinnaroo;
2. The Council is satisfied that pursuant to section 90 (3) (b)(i) of the Local Government Act 1999, the information to be received, discussed or considered in relation to the Agenda Item 18.1 Executive staff housing renewal - 18 Hensley Street, Pinnaroo is:

information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council.
3. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed by the need to discuss this Agenda Item 18.1 in confidence.

CARRIED.

18.1 EXECUTIVE STAFF HOUSING RENEWAL - 18 HENSLEY STREET, PINNAROO

Responsible officer: Shilo Wyatt, Manager Property and Development Services

- Attachments:
1. Renewal option cost estimates
 2. Detailed quotation with options

| | |
|-------------------------------|--|
| Section under the Act | The grounds on which part of the Council or Committee may be closed to the public are listed in Section 90(2) & (3) of the <i>Local Government Act 1999</i> . |
| Sub-clause and Reason: | (b)(i) - information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council. |

Executive Summary

The purpose of this report is to provide Council with robust cost estimates for the renewal of its executive staff house located at 18 Hensley Street, Pinnaroo. A qualified building contractor was engaged to complete a thorough inspection of the premises and prepare a detailed quotation for the works required to renew the property to an appropriate standard.

The Mayor with approval of two-thirds of the members present suspended the meeting procedures pursuant to regulation 20(1) of the Local Government (Procedures at Meetings) Regulations 2013, for a period of 15 minutes to facilitate informal discussion in relation to Executive staff housing renewal – 18 Hensley Street, Pinnaroo at 6.50pm

Meeting procedures resumed at 7.05pm

RECOMMENDATION

That Council notes the content of this report and the detailed cost estimates to renew the executive staff house at 18 Hensley Street, Pinnaroo.

**MOVED COUNCILLOR REBECCA BOSELEY
SECONDED COUNCILLOR TREVOR HANCOCK**

That Council notes the content of this report and the detailed cost estimates to renew the executive staff house at 18 Hensley Street, Pinnaroo.

CARRIED.

Background

Council at its meeting on Wednesday, 21 October 2020 resolved as follows:

That Council:

- 1. notes the content of this report, including the six options identified as potential approaches to manage the executive staff housing portfolio, and*
- 2. endorses Option 5. Planned replacement approach, as described in this report, as its preferred option to manage its executive staff housing portfolio.*

Option 5 provides for the sale of one house in Lameroo, the construction of a new CEO residence in Pinnaroo and a new manager residence in Lameroo, and the sale of the subject dwelling and the second dwelling in Lameroo following the development of the two new dwellings.

Council's annual business plan and budget for 2021/2022 includes an allocation of \$25,000 for Council house renewal. This amount relates to both the subject property and the second dwelling in Railway Terrace South, Lameroo.

Council engaged a contractor to conduct a thorough inspection and assessment of the subject property and to provide an estimate regarding works required. This process is also intended for the Railway Terrace South dwelling.

Context

It is usual for rural and remote local government authorities in South Australia and other states to own residential properties. This enables councils to provide appropriate standard accommodation for any executive staff members moving to the area to commence an executive level role.

The property at 18 Hensley Street Pinnaroo is a circa 1970's 3-bedroom brick and colourbond house. The house has historically been used as the CEO's residence. In addition to the house the property also includes a three-bay garage and a newly renovated pergola which was replaced as part of the 2019/2020 capital budget.

The property has had little to no money spent on it apart from emergency repair works and replacement of the pergola and King Street fence.

Policy and statutory implications

The Local Government Act 1999 is relevant to this matter.

Council's strategic management plan Goal 3 Infrastructure is relevant to this matter. This goal seeks to ensure assets are well maintained and used to their potential. Strategic goal (3.21) of the management plan provides for regular and comprehensive condition assessments of Councils building assets. With the aim being to reduce the maintenance required to maintain these assets by identifying issues before they become major problems.

Issues

As with any asset the annual maintenance costs escalate as the asset ages. If the maintenance needs are not dealt with the consequence can be increased overall cost due to urgent works being required and a continual decline in the overall condition and value of the asset.

The lack of ongoing maintenance and renewal works on the subject dwelling over many years has culminated in a dwelling that is approximately 50 years old and has substantial capital and maintenance requirements. These issues will need to be addressed before it can reasonably be rented out or used as executive housing in the future.

The following works are required:

- new floor coverings throughout
- new window coverings throughout
- minor electrical works
- substantial plaster works throughout
- repainting inside
- plumbing and irrigation upgrades
- improved heating
- bathroom update (to address the black mould and leak which cannot be accessed without significant demolition works)
- improvements to eaves and fascia boards, and
- new kitchen.

The cost of these works are estimated to be between \$96,000 (to bring the property back up to a basic standard) and \$108,000 (to bring the property up to level that reflects a good standard for executive housing). Both prices quoted are excluding GST.

It is noted that these estimates do not include any contingency for issues that might arise during the renewal and therefore a 10% contingency amount has been added to arrive at a more realistic amount.

The quotations were also focused on the interior of the dwelling. External works required such as work to the Asbestos eaves and fascia boards (which should also be addressed) would cost at least \$15,000.

There are different options available to Council for consideration for this dwelling and they are detailed in the attachment.

Given the issues identified in the asset assessment the provision in this year's budget of \$25,000 for the renewal of the subject property and the second property in Lameroo is vastly insufficient.

Alternate options

Council has a number of options. It could decide to increase the budget available for Council house renewal and fund all of the additional works to renew the property to an appropriate standard for executive staff housing and improving the asset's sale value.

Council could decide to fund some, but not all, of the additional works to partially renew the property to a standard for rental housing and improving the asset's sale value.

Council could decide not to complete any works and to sell the house in its current condition and alert the potential buyers to the more significant issues (i.e. the black mould and leak) as part of the sales process. The sale could take place once a new dwelling is constructed as per the Council resolution of 21 October 2020. However this would see the dwelling continue to deteriorate.

Council may decide to sale the dwelling more immediately and before a new executive staff house is developed in Pinnaroo. This option requires a rescission of Council's resolution of 21 October 2020.

Financial implications

The financial implications for Council are substantial because of Council's lack of appropriate asset management and investment in this asset over many years.

The lack of available executive staff housing will also ultimately lead to cost impacts relating to recruitment and retention of executive staff.

Work Health and Safety and Risk implications

There are from time-to-time work health and safety implications associated with poorly maintained staff dwellings in this case specifically the black mould present within the bathroom and hall linen closet. The deterioration of the asbestos eaves and asbestos in other areas of the house are also a risk.

Additionally, there are reputational risk issues associated with provision of poorly maintained executive staff dwellings. Council could also increasingly expect to struggle to attract the best executive staff possible if it either has no housing to offer or does not appropriately maintain its executive staff housing. This issue is exacerbated by the extreme shortage of rental accommodation in Southern Mallee.

Consultation

Council has not consulted on the cost estimates for the renewal of this asset.

| Basic Renewal - Option 1 | |
|--------------------------------|----------------------|
| Item | Cost |
| Bathroom / Laundry | \$ 33,300.00 |
| Ceilings & Walls | \$ 18,000.00 |
| Flooring | \$ 17,100.00 |
| Cabinetry | \$ 24,300.00 |
| Curtains & Blinds | \$ 3,600.00 |
| 10% Contingency | \$ 9,630.00 |
| | |
| Total | \$ 105,930.00 |
| Av / Year over 50 Years | \$ 1,926.00 |

| Executive Standard - Option 2 Electrical Option 1 - with Evap AC | |
|---|----------------------|
| Item | Cost |
| Bathroom | \$ 16,818.18 |
| Laundry & Toilet | \$ 7,781.82 |
| Plumbing | \$ 5,454.55 |
| Kitchen Ceiling | \$ 14,545.45 |
| Pantry | \$ 1,809.09 |
| Flooring | \$ 16,000.00 |
| Robe & Linen | \$ 8,568.18 |
| New Kitchen | \$ 15,330.73 |
| Curtains & Blinds | \$ 3,818.18 |
| Electrical Works | \$ 6,654.55 |
| Evaporative A/C | \$ 5,909.09 |
| 10% Contingency | \$ 10,268.98 |
| | |
| Total Cost ex GST | \$ 112,958.80 |
| Av / Year over 50 Years | \$ 2,259.18 |

| Executive Standard - Option 3 Electrical Option 2 - with Evap AC | |
|---|----------------------|
| Item | Cost |
| Bathroom | \$ 16,818.18 |
| Laundry & Toilet | \$ 7,781.82 |
| Plumbing | \$ 5,454.55 |
| Kitchen Ceiling | \$ 14,545.45 |
| Pantry | \$ 1,809.09 |
| Flooring | \$ 16,000.00 |
| Robe & Linen | \$ 8,568.18 |
| New Kitchen | \$ 15,330.73 |
| Curtains & Blinds | \$ 3,818.18 |
| Electrical Works | \$ 5,123.64 |
| Evaporative A/C | \$ 5,909.09 |
| 10% Contingency | \$ 10,115.89 |
| | |
| Total Cost ex GST | \$ 111,274.80 |
| Av / Year over 50 Years | \$ 2,225.50 |

| Executive Standard - Option 4 Electrical Option 1 - with Reverse Cycle AC | |
|--|----------------------|
| Item | Cost |
| Bathroom | \$ 16,818.18 |
| Laundry & Toilet | \$ 7,781.82 |
| Plumbing | \$ 5,454.55 |
| Kitchen Ceiling | \$ 14,545.45 |
| Pantry | \$ 1,809.09 |
| Flooring | \$ 16,000.00 |
| Robe & Linen | \$ 8,568.18 |
| New Kitchen | \$ 15,330.73 |
| Curtains & Blinds | \$ 3,818.18 |
| Electrical Works | \$ 6,654.55 |
| Reverse Cycle A/C | \$ 10,454.55 |
| 10% Contingency | \$ 10,723.53 |
| | |
| Total Cost ex GST | \$ 117,958.81 |
| Av / Year over 50 Years | \$ 2,359.18 |

| Executive Standard - Option 5 Electrical Option 2 - with Reverse Cycle AC | |
|--|----------------------|
| Item | Cost |
| Bathroom | \$ 16,818.18 |
| Laundry & Toilet | \$ 7,781.82 |
| Plumbing | \$ 5,454.55 |
| Kitchen Ceiling | \$ 14,545.45 |
| Pantry | \$ 1,809.09 |
| Flooring | \$ 16,000.00 |
| Robe & Linen | \$ 8,568.18 |
| New Kitchen | \$ 15,330.73 |
| Curtains & Blinds | \$ 3,818.18 |
| Electrical Works | \$ 5,123.64 |
| Reverse Cycle A/C | \$ 10,454.55 |
| 10% Contingency | \$ 10,570.44 |
| | |
| Total Cost ex GST | \$ 116,274.81 |
| Av / Year over 50 Years | \$ 2,325.50 |



DRAFT QUOTE

Southern Mallee District Council
 Day Street
 PINNAROO SA 5304
 AUSTRALIA

Date
 27 Jan 2022
Expiry
 26 Feb 2022
Quote Number
 QU-0007
ABN
 36 650 988 999

Tyson Beck General
 Building Pty Ltd
 11 Third St
 LOXTON SA 5333
 AUSTRALIA

| Description | Discount | GST | Amount AUD |
|--|----------|-----|------------|
| Hensley St Pinnaroo | | 10% | 16,818.18 |
| Modernise & Repair Home | | | |
| Bathroom upgrade | | | |
| Demo bathroom complete | | | |
| Supply & install | | | |
| Wall & ceiling linings | | | |
| Floor topping, waterproof | | | |
| Tile floor to ceiling | | | |
| Floor tiles 300x300 or 600x 600 grey | | | |
| Wall tiles 300x600 white | | | |
| \$40m2 tile allowance | | | |
| Walk in shower, mixers, strip grate & free standing glass panel | | | |
| Option for either toilet or free standing bath | | | |
| Chosen option will be plumbed in correctly (currently not, bath drain is running through the wall to external drain) | | | |
| Vanity, mirror and paint | | | |
| All fittings and fixtures economy class | | | |
| Laundry/ toilet | | 10% | 7,781.82 |
| Demo complete | | | |
| Supply & install | | | |
| Renew wall linings | | | |
| Floor & wall same as bathroom tiles | | | |
| Finish with skirting tile & splash back | | | |
| Install linen cupboard, bench top & built in sink/bowl | | | |
| Swivel mixer | | | |
| Push back toilet system | | | |
| Paint | | | |
| Plumbing | | 10% | 5,454.55 |
| Supply & install | | | |
| External strip grate by laundry | | | |

| Description | Discount | GST | Amount AUD |
|---|----------|-----|------------|
| Plumb in rain water tank to kitchen with pressure pump from green tank, cut remove and replace complete Install water softener | | | |
| Patch/flush & paint | | 10% | 14,545.45 |
| Replace water damage ceiling sheet in kitchen Flush & patch home complete | | | |
| Paint inside complete | | | |
| Pantry | | 10% | 6,181.82 |
| Shift pantry walls to make useable space (as per plan) Fix, flush and cornice Install cabinetry | | | |
| Pantry Replace existing White board with adjustable shelving | | 10% | 1,809.09 |
| Supply & install Blinds PC SUM 8 windows - day/night 1 sliding door - vertical blind | | 10% | 3,818.18 |
| Robe & linen | 0.00% | 10% | 8,568.18 |
| Supply & install Passage linen 3 sliding doors with adjustable shelving | | | |
| Main robe 4 sliding doors (2x mirror) 8 soft/close drawers Adjustable shelving Double & single hanging | | | |
| Floor coverings | | 10% | 16,000.00 |
| Supply & install Carpet in 4 bedrooms Karndean vinyl planks Entry, passage, lounge & kitchen | | | |
| Supply & install New Kitchen | | 10% | 15,330.73 |
| Doors/panels laminated with 1mm ABS edging Bench/tops - laminated postform W/over tower. m/wave provision & 2 pot drawers. Soft 1 set of 4 soft/close drawers Dishwasher alcove provision | | | |
| PC Sum \$2200 oven, cook top & range hood | | | |
| Rain water plumbed in/fridge outlet | | | |
| Tiled kitchen splash back & electrical | | | |

| Description | Discount | GST | Amount AUD |
|---|----------|------------------|-------------------|
| * Electrical option 1 - Remove existing lights in lounge, kitchen, dining, family & hallway and install new LED downlights throughout. - Replace current lights in pantry & laundry with LED oyster lights. - Changeover/replacement of power outlets (allowance made for 25 doubles) - Changeover/install of 2 x smoke detectors - Replacement of ceiling fan with LED light in master bedroom. - Removal of lights in bedrooms 2, 3 & 4 and installation of new ceiling fans with LED downlights. - Replacement of light switches (allowance for 17) - Installation of weatherproof power outlet for pressure pump - Installation of 4 x exterior up/down wall lights. - Replacement of 1 x TV outlet - Full switchboard upgrade. Replace 3 x lights in shed with LED fluro lights. | 10% | | 6,654.55 |
| * Electrical option 2 - Replace current batten holders with LED oyster lights in kitchen, bedrooms, lounge, family & dining. - Replace current lights in pantry, laundry & hallway with LED downlights - Changeover/replacement of power outlets (allowance made for 25 doubles) - Changeover/install of 2 x smoke detectors - Replacement of ceiling fan with LED light in master bedroom. - Replacement of light switches (allowance for 17) - Installation of weatherproof power outlet for pressure pump - Installation of 4 x exterior up/down wall lights. - Replacement of 1 x TV outlet - Minor upgrade of switchboard to upgrade lighting circuits to RCD protection. Replace 3 x lights in shed with LED fluro lights. | 10% | | 5,123.64 |
| * A/C Evap - Replace existing unit with new add 2 additional vents | | 10% | 5,909.09 |
| * A/C Replace Evap with Ducted Reverse cycle add 2 additional vents | | 10% | 10,454.55 |
| Travel & Accomodation | | 10% | 8,363.64 |
| | | Subtotal | 132,813.47 |
| | | TOTAL GST 10% | 13,281.33 |
| | | TOTAL AUD | 146,094.80 |

Terms

Please note

- Quoted price does not include the cost of asbestos removal
- Prices are subject to change due to material cost increases

* Total cost reduced when specific options deleted

18 CONFIDENTIAL ITEMS**18.1 EXECUTIVE STAFF HOUSING RENEWAL - 18 HENSLEY STREET, PINNAROO****RECOMMENDATION**

That having considered agenda Item 18.1 in confidence under section 90 (2) and (3) (b)(i) of the Local Government Act 1999, the Council pursuant to section 91 (7) of the Act orders that the documents considered by the Council, including the officer's report and all minutes be retained in confidence. This order is to be reviewed at or before the ordinary Council meeting to be held in January 2023, as to if this order is to continue in operation.

MOVED COUNCILLOR REBECCA BOSELEY

SECONDED COUNCILLOR TREVOR HANCOCK

That having considered agenda Item 18.1 in confidence under section 90 (2) and (3) (b)(i) of the Local Government Act 1999, the Council pursuant to section 91 (7) of the Act orders that the documents considered by the Council, including the officer's report and all minutes be retained in confidence. This order is to be reviewed at or before the ordinary Council meeting to be held in January 2023, as to if this order is to continue in operation.

CARRIED.