

**SPECIAL COUNCIL MEETING  
AGENDA  
MONDAY, 21 JUNE 2021**



**GLENORCHY CITY COUNCIL**

**QUALIFIED PERSON CERTIFICATION**

The General Manager certifies that, in accordance with section 65 of the *Local Government Act 1993*, any advice, information and recommendations contained in the reports related to this agenda have been prepared by persons who have the qualifications or experience necessary to give such advice, information and recommendations.

A handwritten signature in blue ink, appearing to read 'Tony McMullen', is positioned above a horizontal line.

Tony McMullen  
**General Manager**

17 June 2021

**Hour:** 6.00pm

**Present (by video link):**

**In attendance (by video link):**

**Leave of Absence:**

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## **1. APOLOGIES**

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## **2. PECUNIARY INTEREST NOTIFICATION**

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## **3. PUBLIC QUESTION TIME (15 MINUTES)**

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**Please note:**

- the Council Meeting is a formal meeting of the Aldermen elected by the Glenorchy community. It is chaired by the Mayor
- public question time is an opportunity in the formal meeting for the public to ask questions of their elected Council representatives about the matters that affect ratepayers and citizens
- question time is for asking questions and not making statements (brief explanations of the background to questions may be given for context but comments or statements about Council's activities are otherwise not permitted)
- the Chair may permit follow-up questions at the Chair's discretion, however answers to questions are not to be debated with Council
- the Chair may refuse to answer a question, or may direct a person to stop speaking if the Chair decides that the question is not appropriate or not in accordance with the above rules
- the Chair has the discretion to extend public question time if necessary.

# **Governance**

***Community goal: “Leading our Community”***

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## 4. 2021/2022 BUDGET ESTIMATES

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Author: Chief Financial Officer (Tina House)  
Qualified Person: Director Corporate Services (Jenny Richardson)  
ECM File Reference: 2021/2022 Annual Budget

### **Community Plan Reference:**

#### Leading Our Community

We will be a progressive, positive community with strong council leadership, striving to make Our Community's Vision a reality.

The communities of Glenorchy will be confident that the Council manages the community's assets soundly for the long-term benefit of the community.

### **Strategic or Annual Plan Reference:**

#### Leading Our Community

Objective 4.2 Prioritise resources to achieve our communities' goals

Strategy 4.2.1 Deploy the Council's resources effectively to deliver value

### **Reporting Brief:**

To present the proposed 2021/22 budget estimates and Long-Term Financial Management Plan 2021/22 to 2030/31 to Council for adoption

### **Proposal in Detail:**

#### **Executive Summary**

This report presents Council's 2021/22 annual budget estimates and Long-Term Financial Management Plan 2021/22 to 2030/31 to Council for adoption.

The COVID-19 pandemic severely affected Council during the 2020 calendar year with several ongoing fiscal and economic outcomes. Council implemented a range of measures in 2020 to support the community, including rebating rates and waste charge increases, additional expenditure on economic recovery activities and a wide-reaching community assistance package.

To sustainably continue to provide services to the community, Council must now take measures to return revenue measures to business-as-usual and plan for future years.

In framing the budget for 2021/22, Council has looked to reign in cost increases and has limited new initiatives to those necessary for community safety or improving Council efficiency. These actions, coupled with record levels of development in the City, have enabled Council to restrain its rates increase to a nominal 2.5% for the 2021/22 financial year.

After a difficult year the key focus areas for the 2021/22 budget are safety, sustainability and growth. With those in mind, the objectives of this year's budget are:

- Improving council's ongoing financial sustainability
- Identifying areas of cost control
- Increasing expenditure on capital works, and
- Investing in economic stimulus measures.

Council's budget for next year forecasts a deficit of \$1.3m.

Last year, in recognition of the impact of COVID-19 on family budgets, Council provided \$1.9 million in relief to ratepayers through the COVID-19 Rates Relief Rebate.

This ensured residents did not pay any increase in rates, fees and charges on their 2020 rates bill, by rebating the 2.5% rates increase and other fee increases. Now that the initial uncertainty around the COVID-19 pandemic has eased, this year's rate increase will be in addition to last year's 2.5% increase.

The budget and Long-Term Financial Management Plan will be reviewed again in January 2022 to ensure Council is able to adjust its budget settings, if required, in response to any unanticipated changes in operating context.

## **Background**

Council is responsible for delivering services to a population of just under 50,000 with a diverse mix of cultural and socio-economic backgrounds, including the management of approximately \$1 billion of assets.

The cost of delivering core services to Council's community continues to increase with demand for services experiencing significant growth. The City continues to expand with ongoing population and housing growth due to several significant developments occurring over recent months and planned for the coming year.

Council has been the beneficiary of a number of State and Federal Government Grants for the upgrade and construction of community infrastructure. While this funding enables significant investment in facilities for the community, ongoing operational costs will be incurred in maintaining and managing these facilities.

The Long-Term Financial Management Plan forecasts ongoing deficits for the short-term until a projected return to surplus in the 2025/26 financial year. Future rate increases are predicted at 3.5% per annum as Council manages its ongoing sustainability, by modelling the expenditure impacts of the substantial investment in new assets and ongoing cost increases of services and materials.

The key features of the proposed 2021/22 Budget estimates are:

- Estimated Operating Deficit - \$1.3m
- Operating Revenue - \$63.5m

- Operating Expenditure - \$64.8m
- Depreciation and asset write off - \$15.9m
- Capital expenditure - \$25.8m
- Cash Balance at 30 June 2022 - \$20m, and
- No new borrowings

Initiatives funded in the 2021/22 budget are focused on delivery of essential services, progressing existing Annual Plan priorities, improving Council efficiency, enhancing Community safety and growing the City's economy.

Key operational activities for 2021/22 include:

- implementation of the Community Strategy
- facilitating the operation of the Glenorchy Jobs Hub to connect local people with local jobs
- implementation of the Open for Business improvement plan
- implementation of the Economic Development Strategy and Economic Recovery Plan
- completion of Stage 3c of the Glenorchy CBD Revitalisation Project
- implementation of the Greater Glenorchy Plan
- implementation of the Bushfire Mitigation Program
- an Analysis of Council's costs to deliver services and review revenue settings
- improvement of Council's asset management maturity
- participation in the development of the Greater Hobart Metro Plan as part of the Hobart City deal
- implementation of the Communications Strategy, and
- implementation of the Arts and Culture Strategy.

Capital works priorities for the 2021/22 budget are focused on the renewal and maintenance of existing community assets and the delivery of the first stage of grant-funded facilities. Key capital works projects for the 2021/22 financial year include:

- delivering on the Australian Government Grants Program and commencing works on new sporting and play facilities
- road resurfacing
- footpath renewal
- road pavement rehabilitation, and
- stormwater asset renewal and flood mitigation

**2021/22 Budget**

Section 82 of the *Local Government Act 1993* requires the General Manager to prepare estimates of Council's revenue and expenditure for each financial year.

Section 82 (2) and (3) read as follows:

*(2) Estimates are to contain details of the following:*

- (a) the estimated revenue of the council;*
- (b) the estimated expenditure of the council;*
- (c) the estimated borrowings by the council;*
- (d) the estimated capital works of the council;*
- (e) any other detail required by the Minister.*

*(3) Estimates for a financial year must –*

- (a) be adopted by the council, with or without alteration, by absolute majority; and*
- (b) be adopted before 31 August in that financial year; and*
- (c) not be adopted more than one month before the start of that financial year."*

The 2021/22 Budget Summary, which includes the estimates required under the Act, is Attachment 1 to this report.

Council's Long-Term Financial Management Plan 2021/22 to 2030/31 (updated to reflect the results of this year's budget) is Attachment 2.

The assumptions which underpin the 2021/22 Budget are contained in the Long-Term Financial Management Plan (**LTFMP**) and are consistent with Council's Financial Management Strategy 2019-2028 (**FMS**).

The major elements of the 2021/22 Budget are:

1. Statement of Comprehensive Income
2. Statement of Financial Position
3. Capital Expenditure
4. Cash Flow and Funding
5. Risks, and
6. Long-Term Financial Management Plan and Financial Management Strategy

Key information about each of these is provided below.



## 1. STATEMENT OF COMPREHENSIVE INCOME 2021/22

Table 1.1 shows Council's budgeted Statement of Comprehensive Income for 2021/22.

GLENORCHY CITY COUNCIL			
FORECAST STATEMENT OF COMPREHENSIVE INCOME			
	Budget 2021/2022 \$'000	Budget 2020/2021 \$'000	Movement \$'000
<b>Operating Revenue</b>			
Rates	37,625	36,165	1,460
Covid-19 Community Assistance Measures	0	(2,177)	2,177
State Fire Commission Income	6,054	5,928	126
Statutory Charges	1,847	1,853	(6)
User Charges	10,199	10,045	154
Covid-19 Community Assistance Measures	0	(230)	230
Grants and Subsidies	5,036	4,134	902
TasWater Investment Income	2,172	-	2,172
Investment Income	50	82	(32)
Other Income	497	521	(24)
<b>Total Operating Revenue</b>	<b>63,480</b>	<b>56,320</b>	<b>7,160</b>
<b>Operating Expenditure</b>			
Finance Charges	261	235	26
Employee Benefits	26,056	24,575	1,481
Administration & Office Costs	5,360	6,645	(1,285)
Materials, Services and Contractors	9,686	9,222	464
Covid-19 Community Assistance Measures	0	2,489	(2,489)
State Fire Commission Contribution	6,054	5,898	156
Depreciation and Amortisation	14,811	13,743	1,068
Lease Amortisation	1,477	0	1,477
Asset Write Off	1,100	1,100	-
<b>Total Operating Expenditure</b>	<b>64,805</b>	<b>63,908</b>	<b>897</b>
<b>Operating Surplus / (Deficit)</b>	<b>(1,325)</b>	<b>(7,588)</b>	<b>6,263</b>
<b>Non Operating Income</b>			
Capital Grants	4,878	1,303	3,575
Donated Assets	2,100	2,120	(20)
Profit / (Loss) on Disposal of Land	1,993	(504)	2,497
Profit / (Loss) on Disposal of Plant and Equipment	(15)	173	(188)
<b>Total Non Operating Income</b>	<b>8,956</b>	<b>3,092</b>	<b>5,864</b>
<b>Total Comprehensive Surplus / (Deficit)</b>	<b>7,631</b>	<b>(4,497)</b>	<b>12,128</b>

Table 1.1 – Statement of Forecast Comprehensive Income 2021/22

An operating deficit of \$1.3m (exclusive of capital income and expenditure) has been forecast for the forthcoming financial year. This compares to a forecast 2020/21 operating deficit of \$7.6m under last year's budget (revised as at 30 April 2021).

### 1.1 Rates revenue

The rates revenue budget has been prepared based on a general rate increase of 2.5%, together with a growth factor of 0.5% in accordance with Council's Long-Term Financial Management Plan.

Last year's (2020/2021) budget included a Rates Relief Rebate in response to the COVID-19 pandemic. This has been removed for the 2021/22 financial year, with the rating cent in the dollar and minimum amount increasing by 2.5%.

Two-years ago, Council implemented differential rating for all properties to ensure each category (residential and non-residential) contributed to Council's revenue consistently. The differential rating model will be continued for the 2021/22 financial year.

The City was due a valuation adjustment factor this year, however the Office of the Valuer General has advised that this has been delayed and will now be in place from 1 July 2022.

## **1.2 User Charges**

User charges revenue is budgeted in-line with approved fees and charges, taking into consideration expected activity levels during the forthcoming year and the cost of providing the associated Council service.

Most fees and charges have been increased by a minimum of 3% for the 2021/22 financial year.

## **1.3 Operating Grant Subsidies**

Council's budgeted operating grant income for the current year, \$5.058m, is materially increased from the 2020/21 forecast of \$4.134m.

This is predominantly due to a return to normal activity levels for Council's childcare services and the associated government subsidies for parental fees. Additionally, Council has been successful in winning a State Government Grant to establish and run a Jobs Hub within the City. This will result in additional grant revenue totalling \$0.9m.

The Australian Government has advised that Financial Assistance Grants to local government will continue to be paid, with the first half of the 2021/22 allocation expected to be paid before the end of June 2021.

This is consistent with prior year allocations and payment timings. Council budgets each year for the advance payment, which ensures that Council will receive \$2.5m for the 2021/22 financial year.

## **1.4 Investment Income**

Council's largest investment income stream is as an owner and shareholder in TasWater.

TasWater has advised that there has been a return to normal distributions, with Council's ownership share resulting in a distribution of \$2.1m in 2021/22.

Council's remaining investment income stream is derived from interest earned on cash balances. Record low deposit interest rates are expected to result in minimal income from interest received by Council for the financial year.

### **1.5 Finance Charges**

During 2020/21, Council implemented the Economic Stimulus package, funded by borrowing \$5m through the Tasmanian Government's interest-free Local Government Loan Program.

One project within this portfolio will not be proceeding in the 2021/22 financial year, with the associated loan funds of \$1.8m to be repaid in early 2021/22.

Interest payable on the remaining loan balance will be partially offset by a grant, resulting in what is effectively an interest free loan for three of the five-year loan term.

### **1.6 Employee Benefits**

Council's largest expenditure category (making up 40% of total expenditure) relates to employee costs.

In May 2021, Council staff voted to accept a new four-year Enterprise Agreement that incorporates, among other minor changes, a 2.1% per annum salary increase for the first three years of the agreement.

The budget for 2021/22 reflects the increase in these costs for the financial year.

Other major impactors on the salaries and wages cost to Council for 2021/22 include the Superannuation Guarantee Charge increase of 0.5% and new positions added to Council's roster to enable the completion of capital works and grant funded programs of work.

However, Council will implement a vacancy management program in 2020/21 to potentially reduce staffing levels, which may ultimately reduce expenditure in this category.

### **1.7 Administration and Office Costs**

Council adopted a new process for the development of its operational budget for 2020/21, with the introduction of a zero-based budgeting model. This resulted in a detailed analysis of major budget lines and has resulted in savings across a number of categories, including administration costs.

The comparative reduction in expenditure for 2021/22 is due to no significant bad debt write-offs being forecast for the year (the prior year's budgeted write-offs were \$1.0m) and a reduction in the usage of consultants of \$0.22m.

### **1.8 Materials, Services and Contractors**

As mentioned above, utilisation of a zero-based budget approach to forecasting has resulted in Council's forecast effectively absorbing cost increases without significant increases in expenditure budget requirements for 'business as usual' activities.

The budget has increased compared to the prior year (excluding COVID-19 Community Assistance Measures) by \$464k, which represents expected cost increases in the price of services and materials.

The increase also includes the operational costs of grants received for specific programs (such as the Glenorchy Jobs Hub) and augmented operational costs from the acquisition and construction of new assets.

### **1.9 Depreciation and Amortisation**

This non-cash category of expenditure has risen by \$1.07m between financial years.

The revaluation of Council's Stormwater assets, expected to be completed at the end of the 2020/21 financial year, is forecast to increase depreciation by \$0.8m for 2021/22.

In addition, the construction and acquisition of a number of new assets (average of \$5m per annum) adds to Council's depreciation expense by approximately \$0.125m per annum.

### **1.10 Lease Amortisation**

A new accounting standard is now applicable to Council which has resulted in a movement in operating lease costs from Materials, Services and Contractors to Lease Amortisation.

The amounts in each category are materially consistent.

### **1.11 Asset Write-off**

As Council's assets are renewed and replaced in-line with our Asset Management Strategy, the residual value of the replaced assets is required to be written off.

This results in operating expenditure each year that has traditionally been difficult to forecast accurately.

To ensure that write-offs do not exceed budget, a cap has been applied to the capital works program for the 2021/22 financial year.

### **1.12 Capital grants**

Only capital grants which Council is relatively certain to receive are included in the budget forecasts.

The budget for 2021/22 reflects expected Roads to Recovery Grant funding of \$0.58m for the renewal of road infrastructure assets to facilitate access and safety improvements and a Local Road and Community Infrastructure Program grant of \$1.6m to fund the extension of the Jackson Street Landfill site. This is a Federal Government grant program for the delivery of priority road and community infrastructure projects.

Further, Council is expecting to receive Australian Government Grant funds for the Montrose Foreshore and Giblins Reserve Playspaces and the proposed Eady Street and North Chigwell sports facilities.

Though already approved, Australian Government Grants for new sporting and play facilities are only paid to Council after work milestones are completed. Accordingly, cash receipts expected during 2021/22 will not fully cover the expenditure expected to be incurred during the financial year.

### **1.13 Donated assets**

As a result of ongoing developments within the municipality (particularly subdivisions), Council is given ownership of infrastructure assets during each financial year.

These assets are primarily roads, stormwater and footpaths. Council is required to include the value of these assets in its asset register and record the donation of them as non-operating revenue.

### **1.14 Profit / (Loss) on disposal of assets**

Council has embarked on a program of surplus land disposal that will generate an inflow of cash, as well as accounting (non-cash) surpluses and deficits.

Australian Accounting standards applicable to government require asset values to be recorded at market value rather than historical cost price. As a result, sales may appear to have generated a loss because of the costs associated with the disposal type. However, there is a positive impact on the Council's cash balance from actual proceeds of each sale.

Disposals of Plant and Equipment also occur during the year, predominantly for fleet vehicles.

## 2. STATEMENT OF FINANCIAL POSITION

Table 2.1, below, shows the budgeted Statement of Financial Position as at 30 June 2022. The Statement shows that the budgeted Net Asset position of Council will not materially change from the current financial year.

GLENORCHY CITY COUNCIL			
FORECAST STATEMENT OF FINANCIAL POSITION			
	Budget 2021/2022 \$'000	Budget 2020/2021 \$'000	Movement \$'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	28,015	28,960	(945)
Trade and Other Receivables	3,405	8,405	(5,000)
Inventories	91	91	-
Other Assets	1,226	1,226	-
<b>Total Current Assets</b>	<b>32,737</b>	<b>38,682</b>	<b>(5,945)</b>
<b>Non Current Assets</b>			
Investment in TasWater	146,905	146,905	-
Property, Plant and Equipment	701,619	691,616	10,003
Intangible Assets	128	128	-
Other Non Current Assets	1,065	1,127	(62)
<b>Total Non Current Assets</b>	<b>849,717</b>	<b>839,776</b>	<b>9,941</b>
<b>Total Assets</b>	<b>882,454</b>	<b>878,458</b>	<b>3,996</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	3,781	3,781	-
Borrowings	1,081	1,834	(753)
Provisions	4,753	4,753	-
Other Current Liabilities	2,764	2,764	-
<b>Total Current Liabilities</b>	<b>12,379</b>	<b>13,132</b>	<b>(753)</b>
<b>Non Current Liabilities</b>			
Borrowings	473	3,355	(2,882)
Provisions	3,859	3,859	-
Other Non Current Liabilities	470	470	-
<b>Total Non Current Liabilities</b>	<b>4,802</b>	<b>7,684</b>	<b>(2,882)</b>
<b>Total Liabilities</b>	<b>17,181</b>	<b>20,816</b>	<b>(3,635)</b>
<b>Net Assets</b>	<b>865,273</b>	<b>857,642</b>	<b>7,631</b>
<b>Equity</b>			
Accumulated Surpluses	532,152	524,521	7,631
Reserves	333,121	333,121	-
<b>Total Equity</b>	<b>865,273</b>	<b>857,642</b>	<b>7,631</b>

Table 2.1 – Forecast Statement of Financial Position

Council should note that the figures for 2020/21 are as adopted in the mid-year budget review, passed by Council in January 2021, not the original budget as approved by Council in June 2020.

## **2.1 Assets**

During the 2021/22 financial year, the total value of Council's assets is expected to increase by \$4m. This is due to a reduction in outstanding debtors (better than expected recovery from COVID) and the purchase and construction of assets of \$9.7m.

The Long-Term Financial Management Plan forecast indicates Council's cash position will progressively improve over the life of the ten-year plan, subject to ongoing new asset expenditure.

## **2.2 Liabilities**

In the 2020/21 budget, Council approved a \$5m loan to fund its Economic Recovery Program. The loan was drawn in December 2020.

In May 2021, Council chose not to proceed with one of the projects in the Program, being Cityscape phase 1. As a result, \$1.8m of the loan funds are to be repaid to TasCorp in the first half of the 2021/22 financial year.

This, coupled with normal biannual repayments on existing debt, is forecast to reduce Council's debt by \$3.6m during the financial year.

## **2.3 Equity**

Council's equity will only move by expected increases in surpluses, as discussed above.

## **3. CAPITAL EXPENDITURE**

Chart 3.1 (below), shows the proposed Capital Expenditure Program for 2021/22. Capital investment of \$25.82m is proposed across Council.

The program represents a substantial increase on prior years' program of \$17.7m with the major contributors of the increase being significant State and Federal Government Grants of \$8m and Jackson Street Landfill extension of \$3m.

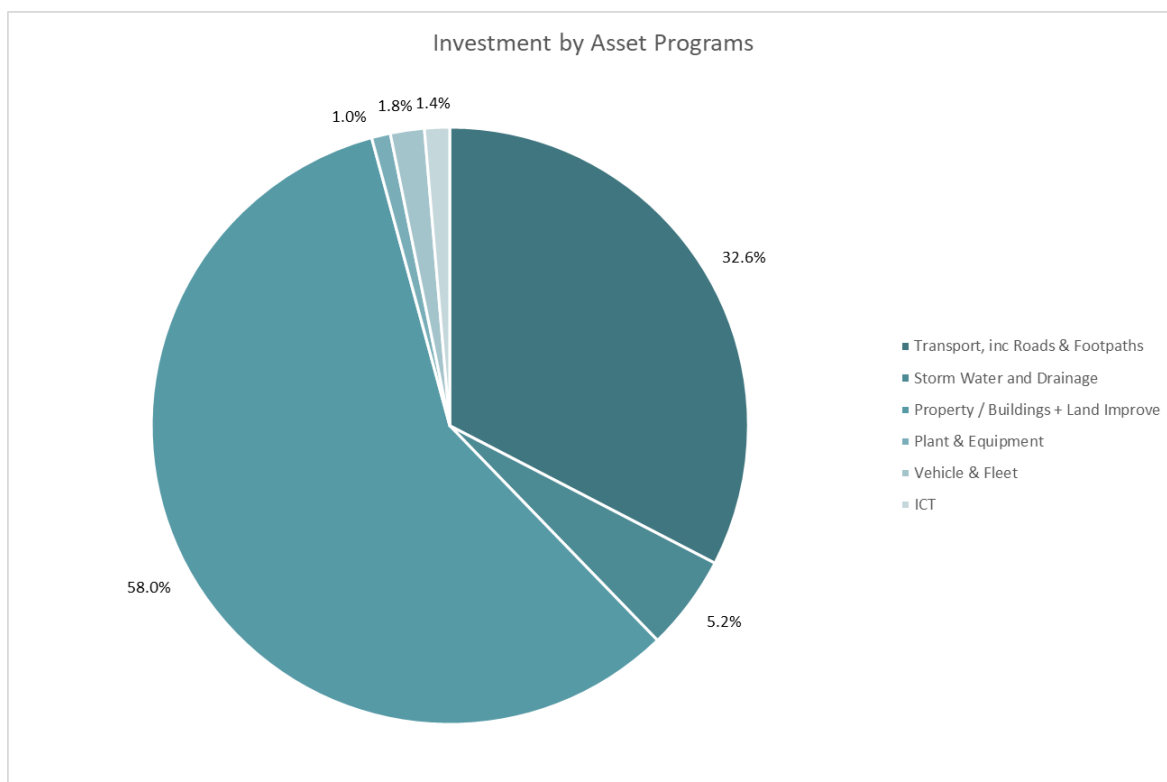


Chart 3.1 – Capital Expenditure by Class 2021/22

## Investment by Asset Class

### 3.1 Transport infrastructure

Council's transport infrastructure capital works budget for 2021/22 is \$8.42m, of which \$1.4m is for new and/or upgraded assets and \$7.02m for renewal and replacement of existing assets.

Major capital works budgeted for in the Transport Infrastructure Program include:

- CBD revitalisation - \$0.7m
- Road resurfacing - \$3.4m
- Footpath renewal - \$2.16m
- Berriedale Road Cycleway - \$0.285m
- Safer Footpath Program - \$0.25m, and
- heavy patching - \$0.35m

### 3.2 Stormwater

The stormwater capital works budget for 2021/22 is \$1.33m, of which \$0.85m is for new and/or upgraded assets and \$0.48m is for renewal and replacement of existing assets.



Due to the long-life nature of Council's stormwater assets, which are approximately halfway through their useful lives, renewal demand is not high as the assets do not deteriorate at a uniform rate.

### **3.3 Property and Environment program**

The Property and Environment capital works budget for 2021/22 is \$15m, of which \$13.32m is for new and/or upgraded assets and \$1.65m is for replacement and renewal of existing assets.

This program includes the extensive works program to be undertaken as a result of receiving State and Federal Government grants for sporting and community facilities.

Major capital projects budgeted for in the Property and Environment program include:

- KGV Soccer - \$3.8m
- North Chigwell - \$0.4m
- Giblins and Montrose Play Spaces - \$2.65m
- Eady Street Sports Facility - \$1.2m
- Montrose Foreshore Park Skatepark - \$0.5m
- Jackson Street Landfill extension - \$2.93m
- Economic Recovery programs - \$1.2m
- public toilet upgrades - \$0.315m
- parks and reserves - \$0.585m, and
- commercial building works - \$0.595m

### **3.4 Vehicle fleet**

The 2021/22 vehicle fleet budget of \$0.474m enables the timely replacement of Council vehicles.

The majority of light vehicles are commercial and are replaced on a like-for-like basis. Options are being investigated to implement smaller, more fuel-efficient vehicles where possible and consider alternatives to owning fleet vehicles (e.g. public transport).

### **3.5 Plant and Equipment**

Replacement of minor and mobile equipment has been budgeted at \$0.264m for the 2021/22 financial year. The largest project within this category is for the replacement of a Tractor of \$0.095m.

### **3.6 Information Communication and Technology (ICT) program**

Council continues its investment in technology for 2021/22 allocating a budget of \$0.352m for the financial year. A total of \$0.137m will be invested in new and

upgraded technologies of software and hardware. Software upgrades will enhance Council's information security framework, GIS and application software, while hardware investment will see new and upgraded mobile devices and desktop equipment.

\$0.135m will be invested in renewal and replacement of existing hardware, being mobile and desktop equipment.

During the 2021/22 financial year, Council will be progressing a review of its core technology portfolio to ascertain the most suitable products for ongoing software application investment.

#### **4. CASH FLOW AND FUNDING**

##### **4.1 Cash**

Council's cash position is expected to remain relatively stable with a \$0.94m decline as a result of additional capital expenditure and movement in debtor balances.

Further detail is included in section 2.1 Assets (above).

##### **4.2 Borrowings**

As noted above, Council will repay borrowings of \$3.6m during 2021/22 including a lump sum repayment of \$1.8m due to not proceeding with the Cityscape phase 1 component of its Economic Recovery Program.

#### **5. RISKS**

##### **5.1 Contingency**

Prior to the 2020/2021 COVID-19 impacted budget, Council had included a contingency amount as a buffer against unforeseen expenses that arise during the year.

No contingency has been included in the current operational forecasts. A contingency allocation will be considered again when there are sufficient improvements to the forecast position.

##### **5.2 Economic conditions**

User charges, by their nature, are variable revenue items and are dependent on services provided by Council generating the projected revenue. Approximately 16% of Council revenue comes from user charges, including building and planning application fees.

Over the past three years, Council had experienced increased economic activity, resulting in revenue from user charges trending upwards in a number of areas including planning, building and plumbing and the Jackson Street Waste Management Centre.

While these trends were impacted by the COVID-19 pandemic during the 2020 calendar year, Council has taken previous trends and the current environment into account in developing the 2021/22 budget and has conservatively stated anticipated revenue projections, against which expenses have been matched.

### **5.3 Interest rates on investment funds**

Council's cash reserves are invested to supplement operating revenue and are dependent on maximising returns on investment while also weighing the risk/return trade-off.

Recent decisions by the Reserve Bank of Australia on the cash rate see interest rates continuing at record low levels, which will require prudent management of funds to maximise returns during current unprecedented monetary conditions.

### **5.4 Payments for Materials, Contractors and Other expenses**

Over the past three years, this expense category has remained steady at just under 15% of total operating expenditure as Council pursues value for money through its purchasing processes.

We rely on competitive procurement processes and for our suppliers to be competitive and remain viable in provision of their services in order to keep costs down.

Any change in their ability to remain competitive and viable may impact on the cost to Council.

### **5.5 Infrastructure damage**

The risk of damage to Council infrastructure including road, stormwater and property from events such as extreme weather, earthquake, or acts of terrorism are not insured due to the prohibitive cost. Council is exposed to significant costs to repair or replace these infrastructure assets should such events occur.

Council accepts this risk because the cost of mitigation by insurance coverage for the infrastructure assets is too high. There are, however, potential sources of relief or partial relief available to Council in the event of major damage, through the State Government Emergency and Disaster Relief Fund.

## **6. LONG TERM FINANCIAL MANAGEMENT PLAN AND FINANCIAL MANAGEMENT STRATEGY**

The long life nature of Council's assets which support the many Council services necessitates that Council's budget reflects the long-term provision of services that meet community expectations while ensuring ongoing financial sustainability.

In line with the requirements of the *Local Government Act 1993*, Council has developed a Long-Term Financial Management Plan and Financial Management

Strategy (FMS) to provide a longer-term context and to support decision making particularly during the budget development process.

The *Local Government (Management Indicators) Order 2014* provides for seven measures that Council is assessed against for financial sustainability.

Table 7.1, below, provides a summary of these indicators for the forthcoming year.

Indicator	Target Range	2021/2022 Budget
Underlying Surplus / (Deficit)	> \$0	(\$1,325)
Underlying Surplus / (Deficit) Ratio	> 0%	(2.35%)
Net financial liabilities	> \$0	\$14,239
Net financial liabilities ratio	> 0%	22.4%
Asset consumption ratio	> 60%	62%
Asset renewal funding ratio	> 90%	103%
Asset sustainability ratio	100%	68%

Table 6.1 – Forecast Management Indicators 2021/22

Council has previously planned and budgeted for an underlying surplus. However, as Council is recovering from the impacts of COVID-19, a prudent approach has been applied to ensure ongoing financial sustainability with a goal of returning to surplus in the medium term (forecast for the 2025/26 financial year).

In framing the budget for 2021/22, Council has looked to reign in cost increases and has limited new initiatives to those necessary for community safety or improving Council efficiency.

Asset renewal funding and consumption ratios are in line with targets, while the asset sustainability ratio is below the target range for 2021/22. Whilst these ratios are reported annually, the impact is considered on a multi-year rolling average.

As Council manages long-term assets, it is expected that over the life of the asset, the average of these ratios will be 100%. This will ensure Council is maintaining and renewing its existing assets before expenditure on growing the asset base.

## SUMMARY

The 2021/22 Budget achieves Council's aim of demonstrating ongoing financial sustainability, expenditure control and revenue enhancement, whilst continuing to enhance the community with new and improved infrastructure assets.

This has been achieved with only a nominal 2.5% rate increase for 2021/22 and controlled expenditure with only new costs assigned to those areas that enhance community safety and provide efficiency across council.

**Consultations:**

Aldermen  
Executive Leadership Team  
Managers and Coordinators  
Finance Department Staff

**Human Resource / Financial and Risk Management Implications:**Human resources

Officers have prepared and will implement the budget as part of their ordinary duties. The budget forecasts employee benefit expenses of \$26m next financial year, representing an increase of \$1.48m over the budget for the current year.

The budget incorporates the projected impact of the new Enterprise Agreement voted on in May 2021.

Risk management

Risk Identification	Consequence	Likelihood	Rating	Risk Mitigation Treatment
<b>Adopt the recommendation</b>				
Ongoing substantial budget deficits leading to depleted cash reserves as a result of changes to economic conditions or other unforeseen events, leads to a loss of financial sustainability or the need to borrow or increase rates above community expectations.	Severe (C5)	Unlikely (L1)	Medium	Budget and LTFMP to be formally reviewed during the year. Prudent debt management and consistent monitoring of financial conditions enabling an appropriate response. LTFMP reviewed annually and adjustments made in future budgets to account for any unforeseen events.
Economic changes result in estimates that are not materially accurate, leading to a need to revise estimates either up or down during the year	Minor (C2)	Possible (L3)	Medium	Commitment to Council that an updated 2021/22 budget and estimates will be provided for the January 2022 Council meeting.
Suppliers, contractors and service providers are unable to provide goods and services or at competitive prices.	Minor (C2)	Possible (L3)	Medium	Robust procurements to engage with a broad range of potential suppliers and service providers to minimise dependencies.
Damage to Council infrastructure from unpredictable events resulting in significant costs to repair or replace.	Major (C4)	Unlikely (L2)	Medium	Limited insurance coverage in place for some events with Council accepting risk of a significant event where other financial support is not made available (e.g. State Government).
<b>Do not adopt the recommendation</b>				
An alternative or updated version of the Annual Budget would need to be developed and endorsed, resulting in delayed implementation of revenue raising in the 2021/22 year and financial uncertainty.	Major (C4)	Likely (L4)	High	Consultation and integration of feedback received is part of the Annual Budget drafting process to make sure the final draft meets Aldermanic expectations.

**Community Consultation and Public Relations Implications:**Community consultation

Council undertakes frequent community consultation on a range of projects and programs which helps inform its organisational priorities for the year. These are then incorporated into the Annual Plan and Budget.

Council has undertaken a range of mediums to engage with the community for the 2021/22 budget, including social media posts, website updates and a public information session on 16 June 2021.

Public relations

Council will communicate the key information about this year's budget through its Facebook page, website and media articles.

**Recommendation:**

That Council:

1. APPROVE the Glenorchy City Council 2021/22 Budget Estimates as set out in Attachment 1
2. APPROVE the Glenorchy City Council Long-Term Financial Management Plan 2021/22 to 2030/2031 as set out in Attachment 2
3. RESOLVE that pursuant to section 90 of the *Local Government Act 1993 (the Act)*, for the period commencing on 1 July 2021 and ending on 30 June 2022 inclusive (**the financial year**), Council makes a general rate of 8.749 cents in the dollar based on the assessed annual value (**AAV**) of all rateable land in the municipal area of Glenorchy
4. RESOLVE that pursuant to section 107(1)(a) of the Act, for the financial year, Council varies the general rate down to 8.021 cents in the dollar based on the AAV, for all rateable land in the municipal area of Glenorchy used for residential purposes
5. RESOLVE that pursuant to section 90(4) of the Act, for the financial year, Council sets the minimum amount payable in respect of the general rate at \$201.21
6. RESOLVE that pursuant to section 93A of the Act, for the financial year, Council makes the following service rates in respect of fire protection based on the AAV of all rateable land on the valuation roll or assessment roll prepared under the *Valuation of Land Act 2001* as follows:
  - a) 1.348 cents in the dollar for Council's contribution to the State Fire Commission for land that is situated within the Hobart Permanent Brigade Rating District, with a minimum contribution for each parcel of land of \$42.00 applying, and
  - b) 0.10 cents in the dollar for Council's contribution to the State Fire Commission for land that is situated outside the Hobart Permanent

Brigade Rating District with a minimum contribution for each parcel of land of \$42.00 applying

7. RESOLVE that a penalty of 10% is to apply to the amount of any instalment not paid by the due date
8. RESOLVE that interest at a rate of 7.87% per annum is to apply to the amount of any instalment not paid by the due date in accordance with section 128 of the Act, and
9. RESOLVE that rates levied in accordance with this resolution are payable to the Council by four (4) equal instalments:
  - a) the first notice on or before the 31<sup>st</sup> day after the issue of the rates notice;
  - b) the second instalment on or before 15 October 2021
  - c) the third instalment on or before 14 January 2022, and
  - d) the fourth instalment on or before 15 March 2022

#### **Attachments/Annexures**

- 1** Budget Estimates 2021/22



- 2** Long Term Financial Management Plan 2021/22 - 2030/31



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## 5. 2021/22 CAPITAL WORKS PROGRAM AND BUDGET

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Author: Manager Infrastructure, Engineering and Design (Frank Chen)

Qualified Person: Director Infrastructure and Works (Emilio Reale)

ECM File Reference: 2021/22 Capital Works

### Community Plan Reference:

#### Leading Our Community

We will be a progressive, positive community with strong council leadership, striving to make Our Community's Vision a reality.

The communities of Glenorchy will be confident that the Council manages the community's assets soundly for the long-term benefit of the community.

### Strategic or Annual Plan Reference:

#### Leading Our Community

Objective 4.2 Prioritise resources to achieve our communities' goals

Strategy 4.2.1 Deploy the Council's resources effectively to deliver value

Action 4.2.1.07 Develop the annual budget estimates in line with the Financial Management Strategy and provide regular reporting of actuals to budget

### Reporting Brief:

To present the proposed 2021/22 financial year capital works program to Council and seek Council's approval for the twenty-five million, eight hundred and twenty-one thousand dollars (\$25.82 million) capital expenditure associated with the program.

### Proposal in Detail:

#### Background

Council is responsible for the acquisition, operation, maintenance, renewal and disposal of an extensive range of physical assets, such as road, footpath, drainage networks, bridges, public buildings, parks, recreation facilities, fleet, and equipment.

Council owns these assets, currently valued over \$1 billion (total replacement cost), which provide essential services to the Glenorchy community.

From a replacement value perspective, the top four asset classes are Transport Assets, Drainage Assets, Building Assets and Parks and Recreation Assets, with an estimated total replacement value of \$850 million in the 2020/21 financial year (FY2020/21).

The importance of these assets to the community and their significance for the budget means that asset management should be a critical part of the Council's long-term



planning and service delivery and having these assets being maintained and replaced accordingly.

As required under the *Local Government Act 1993*, Council develops and maintains a set of crucial asset management documents, including its Asset Management Policy (**AMP**), Asset Management Strategy (**AMS**) and Strategic Asset Management Plan (**SAMP**). Each of the four major asset classes also has their class-specific Asset Management Plans (**AMPs**) developed to ensure they are managing in-line with the goals and objective set in the AMS and SAMP.

The AMS, SAMP and individual AMPs identify the needs and demands of these assets from the community and provide a projection on the long-term demands on their renewal, upgrade and new asset acquisition, based on the level of service documented in them.

To deliver the objectives and goals in the SAMP and individual AMPs, Council develops and maintains a 10-year capital works program, with a range of projects included.

In addition to the projects from the four major asset classes, there are several minor asset classes, such as Plant and Equipment, Vehicles and Fleet, and Information Communication and Technology (**ICT**) assets. Assets in these classes are also included in Council's annual capital works program to ensure Council's overall asset base is sufficiently renewed and reflecting the emerging needs within the community.

This report is to present Council with the proposed 2021-22 financial year (**FY2021/22**) capital works program and seeks Council's approval of the capital expenditure associated with the program.

### **How the capital works program is developed**

Council is required to maintain a 10-year capital works program, reflecting the SAMP and AMPs, and has the expenditure of the Program projected in Council's Long-Term Financial Management Plan (**LTFMP**).

The development of the 10-year capital works program considers community objectives, affordability, and technical levels of service.

In general, the projects listed in the first year (**Yr. 1**) of the capital works program are used for budgeting and project programming purposes and give the most certainty in-terms of their costs and timing. The Yr. 1 program is the FY2021/22 capital works program which is presented to Council for endorsement today.

Subsequent years (Yr. 2 to Yr. 10) in the capital works program have been nominated and prioritised but are not confirmed until adopted for the budget year they are scheduled to commence.

The projects included in the capital works program are generated from several sources, including asset condition assessment and analysis, requests from the public and initiatives from community groups. These projects are further explored and prioritised by asset managers before being included in the capital works program.

For any external-facing projects, such as transport, stormwater, property and environment projects, community consultation and engagement forms a vital part of the projects and program development process. Guided by Council's community engagement framework, suitable levels of engagement (e.g. 'inform', 'consult' or 'empower') were used further to refine the scope and outcomes of the projects.

Council's online engagement platform, 'Let's Talk, Glenorchy', has been frequently used in this space, both at a strategic level, guiding the master plan development, and at the project level, seeking specific project inputs from the community.

This process ensures the outcomes of these projects are aligned with the Council's strategic direction and asset management goals, and their benefits outweigh the expenditure over the whole lifespan of the assets.

The process described above has been used to develop the FY2021/22 capital works program.

### **FY2021/22 capital works program summary**

For FY2021/22, Council officers have proposed a capital works program valued at \$25.82m for renewing, upgrading and acquiring various assets.

The program consists of infrastructure projects from the four major asset classes and minor projects from other asset classes (e.g. ICT and vehicles and equipment) to ensure all the high-priority asset renewal, upgrade, and acquisition proposals are captured and budgeted for.

The program consists of seven (7) sub-programs, mainly based on asset class, and results in a total proposed capital expenditure of \$25.82m that Council is required to fund.

The table below presents the names of these seven capital sub-programs and their capital expenditures:

<b>No.</b>	<b>Sub-Programs</b>	<b>Expenditure (\$)</b>
1	Transport	\$8.42m
2	Stormwater	\$1.33m
3	Property and Environment	\$13.48m
4	Vehicles and Fleet	\$0.47m
5	Plant and Minor equipment	\$0.27m
6	Information, Communication and Technology (ICT)	\$0.35m
7	Economic Stimulus	\$1.5m
<b>Total Capital Budget Required:</b>		<b>\$25.82m</b>

A copy of the FY2021/22 capital works program summary is included in Attachment 1 to this report.

Of the \$25.82m Capital Works Program proposed, \$10.08m will be spent on asset renewal works, such as road resurfacing, footpath replacement and sports facility renewal, to provide a safe and fit-for-purpose environment for the residents and the wider community to use. The remaining amount (\$15.74m) would be spent on upgrading existing assets or acquiring new assets to improve levels of service.

The overall FY2021/22 capital works program represents a significant increase on prior years' commitments, with the significant contribution of the increase being the State and Federal Government grant funded projects that are included in the Property and Environment capital works program.

The breakdowns between renewal and new/upgrade amount for each sub-program are presented in the table below (Figure 1).

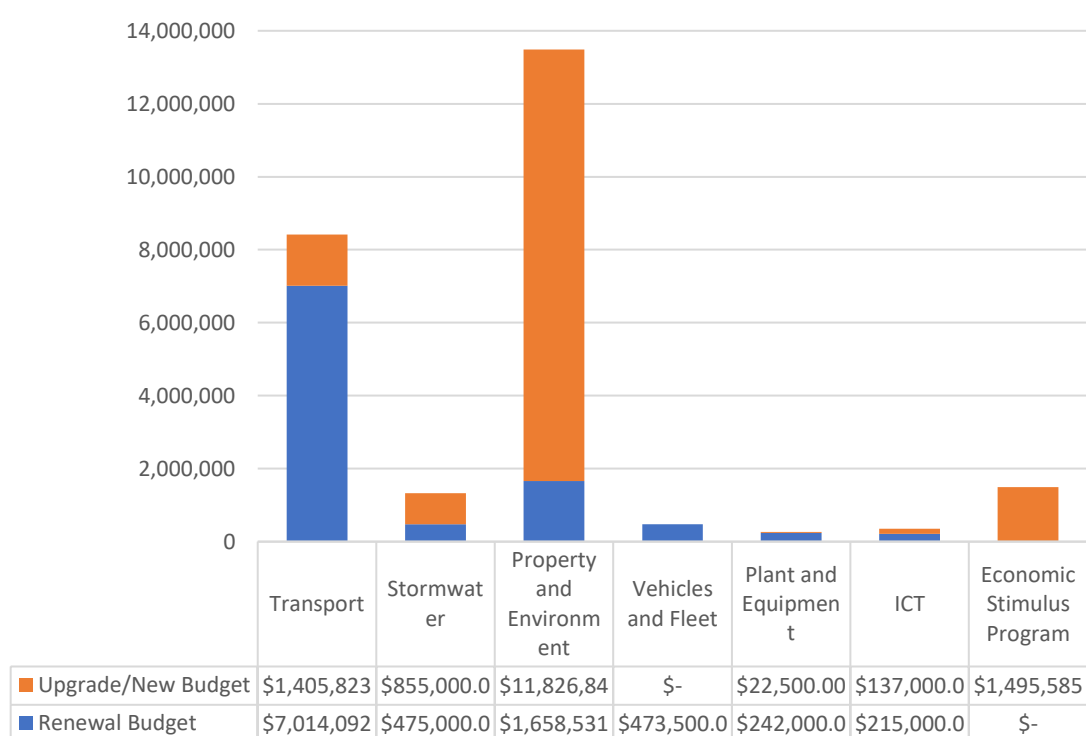


Figure 1: FY21/22 Capital Works Program Renewal and Upgrade/New Expenditure

The diagram above shows that the 'Transport' and 'Property and Environment' capital works programs are the two most extensive capital programs in terms of their overall expenditures, around \$8.42m and \$13.48m respectively in FY2021-22.

It is noted that the majority (approximately 83%) of the Transport capital works program is made of renewal projects. However, a significant amount of upgrade and new expenditure (\$11.83m) has been included in the Property and Environment capital works program. This is mainly comprised of projects funded by State and Federal Government, with over \$11m in works planned in FY2021/22 to upgrade existing infrastructure (e.g. Jackson Street Landfill Extension) and construct new facilities and playgrounds (e.g. North Chigwell Sports Facility and new playgrounds at Giblin and Montrose).

The details of the FY2021/22 capital works program are presented in the following section, with the significant spending in each asset class being highlighted.

### **FY2021/22 capital works programs in detail**

The FY2021/22 Capital Works Program consists of projects and assets from seven (7) sub-programs and results in capital expenditure of \$25.82m that require Council to fund.

Key information about each of the sub-capital works programs are:

#### **1. Transport Capital Works Program and Budget**

Transport Capital Works Program is traditionally the most prominent capital works program in Council given the value (over \$520m) of Council owned transport assets and the critical service they provide to the community.

Transport capital project types can vary from large-scale civil construction works, such as full road segment reconstruction, to minor upgrades, such as adding a pair of kerb ramps to an existing intersection.

Council's proposed transport capital works budget for FY2021/22 is value at \$8.42m, of which \$1.41m is for new and/or upgraded assets and \$7.01m is for renewal and replacement of existing assets.

Comparing this with the FY2020/21 budget, the capital amount for new and upgraded transport assets has been slightly reduced, moving from approximately \$2m to \$1.9m. Meanwhile, Council has focused its work on transport asset renewal, with an over \$1m increase planned in FY2021/22 to improve the conditions of our roads and footpaths.

The increase in renewal funding was to acknowledge the findings from recent studies carried out on road and footpath asset conditions, which highlighted the importance of continually investing in transport asset renewal at a sufficient funding level to sustain long-term asset performance.

Based on prudent asset management principles, it is recommended that Council should continue to increase its renewal spending on transport assets over the next 10 years until the optimal renewal goal is reached (\$8-10m per year is required against the \$7m which is budgeted in FY2021/22).

It is worth noting that Council received about \$0.57m in FY2020/21 from the Australian Government's Local Road and Community Infrastructure (LRCI) grant fund and brought forward about \$0.5m of road resurfacing projects from the FY2021/22 program.

To maintain similar overall capital spending over the period set in the SAMP 2019-2023, the FY2021/22 transport capital works budget has been reduced accordingly to reflect the early delivery of these projects in FY2020/21. This explains the \$0.5m difference between the total amount suggested in the LTFMP (\$8.92m) and the proposed FY2021/22 transport capital budget (\$8.42m).

Major capital works budgeted for in the Transport Capital Works Program include:

- resurfacing up to 15km of roads, including Claremont Link Road, Montrose Road and Collinsvale Road
- replacing up to 5km of footpaths, including Pitcairn Street, Eighth Avenue and Bowden Street and target trip hazards in high usage areas
- reconstructing Jackson Street Resource Recovery Centre ('the tip shop') access road and carpark
- completing the final stage of the CBD Revitalisation Project by late 2021
- improving traffic/pedestrian safety at Mary's Hope Road, Clydesdale Ave, Collinsvale Road and Hull Street
- constructing Stage 2 of the shared pathway between the Intercity Cycleway and MONA.

## 2. Stormwater Capital Works Program and Budget

The proposed stormwater capital works program (also known as the drainage program), focuses on the renewal, upgrade and extension of Council's stormwater system. It deals with stormwater-related issues, such as soakage and flooding, across the municipal area. It's purpose is to ensure sufficient drainage services are provided to the residents living in the urban area.

Council's proposed stormwater capital works budget for FY2021/22 is \$1.33m, with almost \$1m to be spent on network upgrades and extensions to improve this service to the community. This is consistent with the amount projected in the Drainage Asset Management Plan and previous years' spending.

Due to the long-life nature of Council's stormwater assets, which are approximately halfway through their useful lives, renewal demand is not high as these assets do not deteriorate at a uniform rate.

The Stormwater Capital Works Program proposed for FY2021/22 includes projects to mitigate flooding to private properties and the public, such as:

- Chapel Street to O'Brien Street Major Drainage Upgrade - \$0.23m
- Constance Ave Stormwater Upgrade - \$0.125m
- Jacques Rivulet Realignment - \$0.12m

The stormwater capital works program also has some recurring projects, such as \$50,000 per year which is allocated to stormwater pit replacement and \$20,000 per year which is allocated to stormwater main patching repairs to ensure a functional underground drainage network.

### 3. Property and Environment capital works program and budget

The total property and environment capital works budget for the 2021/22 financial year is \$13.5m, of which \$11.83m is for new and/or upgraded assets and \$1.66m is for the replacement and renewal of existing assets.

This program consists of two parts:

- Council-initiated property and environmental assets renewal and upgrade program, and
- the significant sporting and community infrastructure projects funded by State and Federal Government grants.

These State and Federal Government grant projects are the main drivers of a significant amount of new and upgraded asset spending (\$8m+) planned in the FY2021/22.

The Council-initiated capital projects budgeted in the Property and Environment Program include:

- Jackson Street Landfill Extension - \$3m
- Public Toilet Upgrade at Giblin - \$0.325m
- Sport and community facility renewal and minor upgrade - \$0.6m
- Parks and recreation facility renewal and minor upgrade - \$0.6m

The State and Federal Government grants funded projects, with a total budget of about \$8.8m, are:

- Goblins Reserve Playspace - \$1.15m
- Montrose Foreshore Playspace - \$1.5m
- Eady Street Sports Facility - \$1.2m
- KGV Football Facility - \$3.8m
- North Chigwell Football and Community Facility - \$0.4m
- Skate Park at Tolosa Park - \$0.5m
- Southern City BMX Track relocation from Berridale to Tolosa Park - \$0.25m, supplemented by \$0.5m budgeted for under Council's the Economic Stimulus Program.

The preparation works of the projects mentioned above have commenced during FY2020/21, focusing on project initiation, design and tendering.

In FY2021/22, many of these grant projects will come to fruition, with construction works expected to commence on the ground. Council should note that under the terms and conditions of the funding agreements, Council must first undertake the works and then seek milestone reimbursements. This results in timing delays between completing works and receiving payment of grant funds.

With the amount of new and upgraded assets, as detailed above, coming to Council's Property and Environment asset portfolio at the end of the financial year, a significant increase in depreciation and maintenance costs, estimated over \$1m is also expected (this is equivalent to a rate increase of 3%).

This cost increase needs to be catered for when in the development of next and future years' operational budgets and reflected in Council's LTFMP.

#### 4. Vehicles and Fleet program and budget

In FY2021/22, Council is planning to replace 14 vehicles, valued at \$0.473m, as part of its rolling fleet replacement program. Council's fleet has been managed based on a 3-year to 5-year replacement cycle, depending on the type of vehicles and the optimum point between resale value and holding cost.

Most of these vehicles are commercial vehicles (e.g. utility vehicles) and are replaced on a like-for-like basis. Options are being investigated to implement smaller, more fuel-efficient vehicles where possible and consider alternatives to owning or leasing fleet vehicles.

#### 5. Plant and Equipment program and budget

The overall plant and equipment budget for FY2021/22 is \$0.265m, including the replacement of several items of equipment and plant that service Council's day-to-day construction and maintenance activities.

These plant and equipment items range from small items, such as a hydraulic pipe benders and cordless hammer drills, to large machines, such as a tractor. The total replacement has been budgeted at \$0.190m for FY2021/22.

In addition, kerbside and recycling bin replacements are forecast to be \$0.075m, given the fact that every year a small number of these bins are damaged and are required to be reissued to residents.

#### 6. Information Communication and Technology (ICT) program and budget

Council continues its investment in technology for FY2021/22, allocating a budget of \$0.352m in its hardware and software replacement and upgrades.

We will see the replacement and upgrade of Council's mobile devices (e.g. laptops) and hardware (e.g. uninterruptible power supply unit, switches) to enable mobility and ensure business continuity, particularly during an emergency such as the COVID-19 lock-down scenario of 2020.

#### 7. Economic Recovery Program and Budget

In FY2020/21, Council a \$5m Economic Recovery Program funded by an interest-free loan from the Tasmanian Government. The purpose of the program was to assist the community and local businesses to recover from the economic impacts of the pandemic. Projects, such as the Greater Glenorchy Plan, Activity City, Marine and Innovation Master Plan project, Corridor of Modern Art (COMA) and Showcase Moonah have either been successfully delivered or are well underway.

Following the decision to not continue with the Cityscape Phase One project, the overall Economic Recovery Program has been reduced to \$3.5m. Council will continue to deliver the remaining part of the Economic Recovery Program (\$1.5m) in FY2021/22, including:

- Greater Glenorchy Plan - \$0.135m
- Green-shoots - \$0.32m
- Cityscape Phase Two - creating a vibrant city centre for Glenorchy - \$0.28m
- Marine and Innovation Precinct Planning - \$0.2m
- Regional Sport and Recreation Hub Master Plan - \$0.1m
- BMX Track relocation from Berridale to Tolosa Park - \$0.46m, with an additional \$0.25m from the Property and Environment capital works program (noted above).

**Conclusion:**

In summary, the FY2021/22 capital works program has a total value of \$25.82m, made of seven sub-programs based on the asset class. The capital works program allocates \$10.08m for asset renewal and \$15.74m for upgraded and/or new assets.

A copy of the Capital works program from the 2021/22 financial year is included in Attachment 1 for information.

**Consultations:**

Aldermen (Capital Budget Workshops held on 15 Feb 2021)  
Executive Leadership Team  
Managers and Coordinators  
Finance staff

**Human Resource / Financial and Risk Management Implications:**Benchmarking SAMP and LTFP with Budget

The long-life nature of Council's assets, which supports many Council services, necessitates Council's budget commitment, and reflects the long-term provision of services that meets community expectations whilst ensuring ongoing financial sustainability.

In line with the requirements of the *Local Government Act 1993*, Council has developed its SAMP and AMPs for major asset classes. The capital expenditure projected in the SAMP and AMPs, reflects the renewal and upgrade demands from an asset management perspective, matching the levels of service that the community needs.



Under the *Local Government Act 1993 (the Act)*, Council is also required to develop and maintain its LTFMP and Financial Management Strategy to provide a longer-term context in managing its financial performance.

The LTFMP takes the capital expenditures projected in the SAMP and AMPs and adjusts them in the context of Council's long-term financial sustainability. The capital expenditures included in the LTFMP reflects what the community can afford in realistic terms.

The SAMP, AMPs and LTFMP are critical documents to support decision making, particularly during the budget development process. The funding gaps between AMPs, LTFMP and the annual capital budget need to be highlighted and their impacts need to be appropriately managed due to the long-term implications on Council's financial sustainability and asset performance.

Some comparisons between the renewal and upgrade/new amounts suggested in the AMPs, LTFMP and the proposed budget are illustrated below:

#### 1. Budget vs. AMP Renewal Demand

Figure 2, below, presents the budget amounts proposed for the three major capital works programs, namely Transport, Stormwater and Property and Environment, compared with the renewal demand which is forecast (i.e. what we should be spending) in the relevant AMPs.



Figure 2: Budget vs. AMP Renewal Demand

The diagram above shows that both Stormwater and Property and Environment Capital Programs are funding near to or beyond their renewal demand in FY2021/22.

However, the budgeted renewal amount for transport assets in FY2021/22 is about \$1.2m lower than the renewal demand forecast in the 2020 Transport AMP.

As Council manages long-life assets, it is expected that the renewal funding would match the renewal demand over the life of the asset. This means, in the following years, Council will need to increase its funding level in transport asset renewal to catch up with the backlog created by this underfunded renewal situation. Alternatively, the community may choose to accept a lower level of service (i.e. more potholes or cracks on our roads) if it determines that this is what it is willing to accept and pay for.

## 2. Budget vs. LTFMP Upgrade/New Forecast

Figure 3, below, presents the upgrade/new budget amounts proposed for all the capital works sub-programs and the amounts forecasted in the 2020 LTFMP.

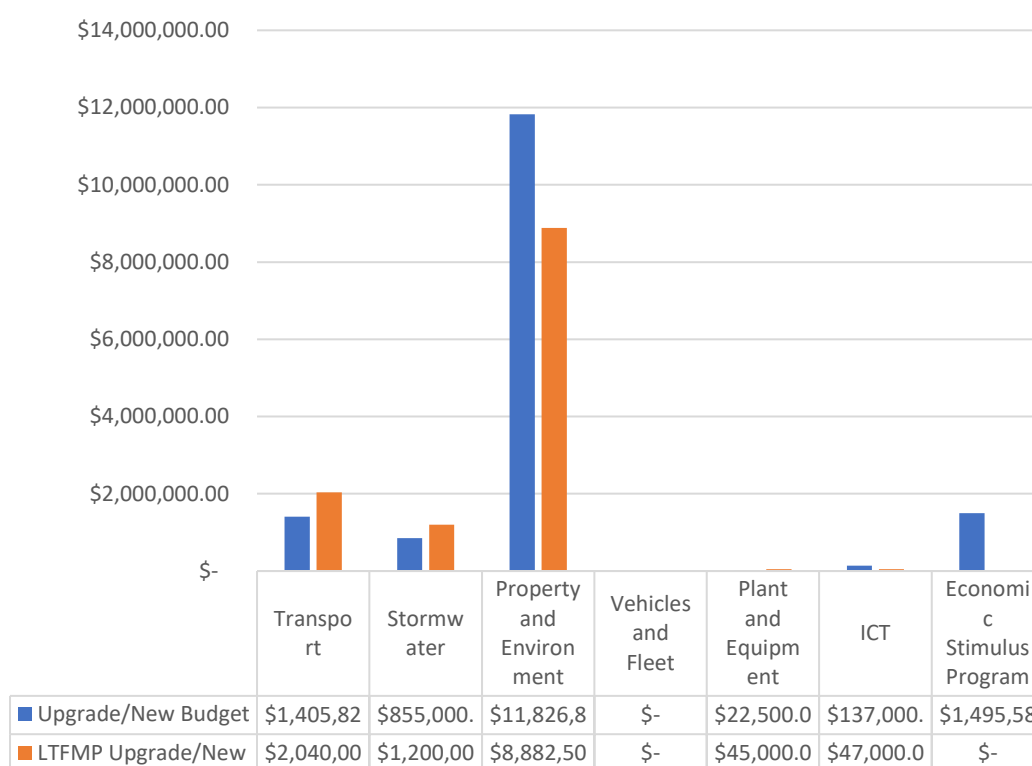


Figure 3: Budget vs LTFMP Upgrade / New Forecast

In the preparation of its LTFMP in 2020, Council recognised that there would be a significant amount of the State and Federal Government grants being injected into the Property and Environment Capital Works Program in FY2021/22.

However, after comparing the upgrade/new amount (\$15.72m) for the proposed FY2021/22 budget and the amount (\$12.21m) forecast in the 2020 LTFMP, the quantum is much bigger than expected. In the meantime, Transport, Stormwater and Economic Stimulus Program are all adding additional upgraded/new asset amounts above and beyond the LTFMP forecast.

This means the total upgrade/new amounts budgeted for FY2021/22 (\$15.74m) is now \$3m above the 2020 LTFMP forecast. This will cause additional depreciation and

maintenance and will subsequently impact the following years' operational expenditure and Council's financial bottom-line.

It is recommended that Council recognise the impacts from increasing its investment on upgrade/new assets and revises its LTFMP to cater for these long-term impacts.

#### Gifted assets

As part of urban expansion, Council receives a significant amount of assets, such as roads, footpaths and drainage, for 'free' after subdivision works carried out by developers in our City.

Although in most cases there is no upfront cost to Council to acquire the assets, they become part of our public transport and drainage networks serving the community, and need to be maintained and replaced by Council for the rest of their lives.

It is expected that in FY2021/22, approximately \$1.1m transport and \$1m stormwater assets will be handed over to Council from individual developments. This additional \$2.1m in assets would enlarge Council's asset base and increase the total asset replacement value.

Note that gifted assets have no material impact on the proposed FY2021/22 capital works budget. However, the depreciation and maintenance costs associated with taking over gifted assets will have an ongoing impact on Council's operating expenditure and needs to be reflected in the LTFMP and funded accordingly.

The forecast \$2.1m in gifted transport and drainage assets would result in a total asset value increase to \$27.92m (\$25.82m capital works program and \$2.1m gifted assets).

#### Infrastructure Damage

The risk of damage to Council infrastructure, including road, stormwater, and property from extreme weather, earthquake, or acts of terrorism, is not insured due to the prohibitive cost. Council is exposed to significant costs to repair or replace these infrastructure assets should such extreme events occur.

Council accepts this risk because the cost of mitigation by insurance coverage for the infrastructure assets is too high. There are, however, potential sources of relief or partial relief available to Council in the event of major damage through the State Government Emergency and Disaster Relief Fund.

#### Human Resources

Council has a number of departments involved in the planning, scoping, design and delivery of the annual capital works program and sourced its staff accordingly. It is confident that officers are prepared for the FY2021/22 capital works program and will implement the capital works program.

Council has four internal construction crews skilled and equipped to deliver some of the infrastructure projects proposed in the transport and stormwater capital works program. For projects outside of Council's current internal construction capacity or skill sets, the projects would go through the appropriate procurement processes

(tenders, RFQs etc) and will be awarded to external contractors for design and/or construction.

Due to the unprecedented amount of capital budget proposed for FY2021/22, it is understandable that Council would be facing human resource constraints when delivering these projects. The current construction market boom and potential skill shortage in the next 12 months may also hinder Council's ability to source contractors at a reasonable price.

Council officers are aware of the human resource risk associated with the proposed annual capital works program. Council's internal capital program governance group (the Infrastructure Management Group) and individual project managers will monitor the risk periodically and react to any risk related changes. Any major variations to the budget will be reported back to Council accordingly as either part of the quarterly financial report or on an as required basis.

### Risk management

Risk Identification	Consequence	Likelihood	Rating	Risk Mitigation Treatment
<b>Adopt the recommendation</b>	Minor (C2)	Possible (L3)	Medium	Updated 2021/22 budget and estimates will be presented at January 2022 Council meeting.
Further economic changes result in estimates that are not materially accurate, leading to a need to revise estimates either up or down during the year				
The budget amount in one particular year is different from the capital expenditure projected in the Strategic Asset Management Plan and the Long-Term Financial Management Plan, causing adverse impacts on Council's long-term financial sustainability and asset performance.	Major (C4)	Likely (L4)	High	Monitoring the performance of Council's asset on an ongoing basis and revising the projection in both the Strategic Asset Management Plan and the Long-term Financial Management Plan to ensure Council's elected members and Management can make an informed decision should Council wish to underfund its capital renewal expenditure or overfund new/upgrade assets.
Suppliers, contractors, and service providers are unable to provide goods and services or at competitive prices.	Minor (C2)	Possible (L3)	Medium	Robust procurements to engage with a broad range of potential suppliers and service providers to minimise dependencies.
Damage to Council infrastructure from unpredictable events resulting in significant costs to repair or replace.	Major (C4)	Unlikely (L2)	Medium	Limited insurance coverage in place for some events with Council accepting risk of a significant event where other financial support is not made available (e.g. State Government).

<b>Do not adopt the recommendation</b>				
An alternative or updated version of the Annual Budget would need to be developed and endorsed, resulting in delayed implementation of the capital works program in the 2021/22 financial year and add financial uncertainty to Council.	Major (C4)	Likely (L4)	High	Consultation and integration of feedback received is part of the Annual Budget drafting process to make sure the final draft meets Aldermanic expectations.

### Community Consultation and Public Relations Implications:

#### Community consultation

Council officers have carried out extensive consultation with the key stakeholders who would be affected by the capital works program and its projects, including residents, community groups, utilities, and the wider community.

For instance, during the scoping and concept design phase of the stormwater network extension projects where machinery accesses to private properties are required, affected residents have been approached by Council officers and relevant consents were obtained when Council has no easement or assets within the properties.

For other projects, such as the Tolosa Park BMX track relocation, key community groups have been involved in the development of the Master Plans and have provided their valuable input in finalising the options.

It is expected that consultations with the key stakeholders have been recognised as one of the key factors for the successful delivery of the FY2021/22 Capital Works Program and will be continually carried out through the whole lifespan of the capital works program.

A community forum was also hosted on 16 June 2021 to brief the community on the annual plan and budget, including proposed capital works.

#### Public relations

Council will communicate the key information about this year's budget through face-to-face discussion and online platforms (e.g. Facebook and Council website), to explain the key aspects of the budget in a clear and accessible way.

### Recommendation:

That Council:

1. ENDORSE the Glenorchy City Council 2021/22 financial year Capital Works Program presented in Attachment 1, and
2. AUTHORISE the twenty-five million eight hundred and twenty thousand dollars (\$25.82 million) capital expenditure associated with Council's Capital Works Program for the 2021/22 financial year from 1 July 2021.

### Attachments/Annexures

**1 Attachment 1 - FY2021/22 Capital Works Program summary**


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## **6. GLENORCHY CITY COUNCIL ANNUAL PLAN 2021/22 TO 2024/25**

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Author: Manager City Strategy and Economic Development (Erin McGoldrick)

Qualified Person: Director Strategy and Development (Samantha Fox)

ECM File Reference: Annual Plan 2021/22 to 2024/25

**Community Plan Reference:**Leading our community

We will be a progressive, positive community with strong Council leadership, striving to make Our Community's Vision a reality.

The Community looks to Council to advocate for its needs and lead it into a preferred future.

**Strategic or Annual Plan Reference:**Leading our community

Objective 4.1 Govern in the best interests of our community

Strategy 4.1.1 Manage Council for maximum efficiency, accountability and transparency

Objective 4.2 Prioritise resources to achieve our communities' goals

Strategy 4.2.1 Deploy the Council's resources effectively to deliver value

**Reporting Brief:**

The requirement for Council to adopt an Annual Plan is set out in section 71 of the *Local Government Act 1993 (the Act)*, which provides:

- (1) *A council is to prepare an annual plan for the municipal area for each financial year.*
- (2) *An annual plan is to –*
  - (a) *be consistent with the strategic plan; and*
  - (b) *include a statement of the manner in which the council is to meet the goals and objectives of the strategic plan; and*
  - (c) *include a summary of the estimates adopted under section 82; and*
  - (d) *include a summary of the major strategies to be used in relation to the council's public health goals and objectives.*

The draft *Glenorchy City Council Annual Plan 2021/22 to 2024/25* is Attachment 1 to this report.

### **Proposal in Detail:**

#### **How the Annual Plan fits into Council's strategic planning**

The *Glenorchy City Council Strategic Plan 2016-2025* was re-confirmed by Council on 26 November 2018. It identifies the following community goals:

- Making lives better
- Open for business
- Valuing our environment
- Leading our community, and
- Building image and pride.

The Strategic Plan aims to deliver on the goals in the Community Plan through 10 objectives and 21 strategies.

The draft Annual Plan aligns to those strategies and identifies actions to be undertaken by Council over the next four years to deliver on the Community's goals and vision.

Annual Plan actions are developed by Council managers and coordinators and are presented to, and reviewed by, the Executive Leadership Team, General Manager and Aldermen.

The Annual Plan and budget development processes are aligned and interlinked to ensure Council has the financial capacity and resources to efficiently deliver the actions planned for the coming year, within a balanced and realistic budget.

In recent years, the format of the Annual Plan has been updated with the intention of making the key focus areas of Council clearer for our community. Against each of the five community goals, the Annual Plan identifies a small number of key focus actions for 2021/22 that reflect Council's primary focus. The Annual Plan also identifies supporting actions, which include service delivery and actions to be executed over the next four years. This is included in the appendix at the end of the document.

#### **How the Annual Plan is developed**

Each year, the Annual Plan is developed in alignment with the budget estimates for the coming year. Council staff are required to forecast which of the current Annual Plan actions are likely to be completed, continue into the next planning period or are ongoing.

New actions are proposed, and, if additional financial resources are required, a Point of Entry proposal is submitted to the Executive Leadership Team for consideration against budgetary constraints or opportunities.

Each action approved for inclusion is then updated and refined to include a start date, end date, suggested KPI/indicator, lead officer and checked for strategic alignment against the contribution to the Glenorchy Strategic Plan's strategies and objectives.

Directors identify the key focus areas for their directorate for the year, as these actions are reported in greater detail to Council and the community.

### **Annual Plan Key Focus areas for 2021/22**

Council's proposed Annual Plan incorporates 12 key focus areas. The key focus areas were identified by assessment against a priority matrix, which combined:

- contribution to Council's Community Plan priorities, and
- contribution towards mitigation of risks identified in Council's Strategic and Key Operational Risk Register.

The results of this assessment were then reviewed by the Executive Leadership Team to determine priority actions.

The priority actions included in the 2021/22 Annual Plan are a continuation of the previous year's priorities, with actions being rolled forward from 'development' into 'implementation' if they are multi-year or adjusted to reflect activities specific to 2021/22. Priority actions align with the goals of the Community and Strategic Plan.

For 2021/22, the priority actions are as follows:

#### Making Lives Better

- implementation of the Community Strategy
- facilitate the operation of the Glenorchy Jobs Hub to connect local people with local jobs

#### Open for Business

- implementation of the Open for Business improvement plan
- implementation of the Economic Development Strategy and Economic Recovery Plan

#### Valuing our Environment

- completion of Stage 3c of the Glenorchy CBD revitalisation infrastructure project
- implementation of the Greater Glenorchy Plan
- implementation of the Bushfire Mitigation Program

#### Leading our Community

- analyse Council's costs to deliver services, and review revenue settings
- improvement of Council's asset management maturity
- participation in the development of the Metro Plan as part of the Hobart City deal

#### Building Image and Pride

- implementation of the Communications Strategy



- implementation of the Arts and Culture Strategy.

### **Delivering the Annual Plan**

If the Annual Plan is adopted by Council, individual actions will be translated down to more detailed business plans at departmental, work unit and individual position levels. Actions will be delivered in accordance with endorsed strategies of Council, regulatory responsibilities, agreed levels of service and major projects or programs.

Examples of actions included in the Annual Plan that are directly aligned with the endorsed strategies of Council include:

- Council, as a member of the Welcoming Cities Network, has a range of targets to meet the Welcoming Cities Standard as a 'Committed' organisation. In the Annual Plan, this is incorporated as reviewing these standards against Council's policies and practice, under the 'Building Image and Pride' community goal, and
- the Glenorchy Economic Development Strategy 2019/24 provides fifty short, medium and long-term actions, which become the direct deliverables through the Annual Plan each year under the 'Open for Business' community goal.

Examples of actions delivered through the Annual Plan incorporating regulatory or compliance services are:

- under the *Land Use Planning and Approvals Act 1993*, Council has a statutory obligation regarding the time taken for assessments under the Planning Scheme. This is included in the Annual Plan under the 'Valuing our Environment' community goal, and
- the *Dog Control Act 2000* provides the legislative framework for the management of dogs. It is the responsibility of Council to ensure residents comply with these dog management regulations. This is incorporated as an action under the 'Leading our Community' community goal.

An example of the delivery of levels of service is the action that references Council's Customer Service Charter and delivery against the commitments of that charter each year.

Major projects and programs often take multiple years to develop and implement. An example of how this is captured in the Annual plan is 'Deliver the Australian government funded recreation projects' under 'Leading our Community'.

### **Monitoring and reporting on progress**

Key performance indicators (**KPIs**) and quarterly indicators have been identified for each goal in the Annual Plan to enable performance monitoring by Council and management.

KPIs and indicators do not summarise the entire activity or output of an action, however they signal or reveal movement or changes in the underlying activity.

Quarterly indicators are those metrics that can be measured and monitored using the same data and parameters every three months. This consistent approach assists in the

communication of changes of volume, throughput, engagement, or activities throughout the year at each quarter and enables detection of trends over time.

Many activities and actions of Council are difficult to measure within one year, so project or program milestones are monitored as KPIs to ensure outputs are delivered in an efficient and appropriate manner.

KPIs are milestones or deliverables that generally occur once during the year at a specified date. The KPI is generally a discrete, one-off, target that is due for completion or targeting by a specific time or to a specific quality.

All the metrics consist of qualitative indicators, quantitative indicators, and milestones.

Across all actions included in the Annual Plan, there are approximately one hundred and forty sub-actions monitored. Each of these sub-actions have multiple measures, milestones and KPIs that contribute to the overall progress of an Annual Plan action.

An example of a qualitative measure is the positive feedback from developers and investors of major projects that have client managers assigned. By collecting this qualitative feedback, Council officers can update or augment the developer support provided to better suit the needs of the client.

An example of a quantitative indicator is annual gross regional product growth across the Glenorchy economy. This KPI is a targeted outcome of the Economic Development Strategy and remains consistent for the life of the strategy with the data available on an annual basis.

Another example of a quantitative indicator is Council's website engagements and visits. These metrics are standard KPIs for the quality and appropriateness of online content across many industries.

The implementation of Annual Plan actions is monitored during the year, with a quarterly report provided to Council, as a key part of the suite of reports that constitute the Council's Corporate Reporting Framework.

#### **Human Resource / Financial and Risk Management Implications:**

##### Financial

The development of the Annual Plan was coupled to the budget development process. The actions identified in the Draft Annual Plan can be delivered within the Council's proposed 2021/22 budget. The Annual Plan includes a four-year outlook to assist with Council's financial forward planning.

##### Human resources

When the Annual Plan is adopted by Council, individual actions will be translated down to more detailed business plans at departmental level, work unit level and individual position level. To ensure delivery against the agreed action in the Annual Plan within existing human resource capacity, individual Performance Review objectives form part of this strategic line of sight.

Risk management

Risk Identification	Consequence	Likelihood	Rating	Risk Mitigation Treatment
<b>Adopt the recommendation</b> Annual plan priorities and actions do not allow Council to achieve its goals and are not in line with community expectations.	Moderate (C3)	Unlikely (L2)	Medium	The Annual Plan is monitored continuously and reported on quarterly, which enables the identification of deficiencies and shifts in priorities.
<b>Do not adopt the recommendation</b> If the Annual Plan not adopted, Council will be in breach of its statutory obligations under s. 71 of the <i>Local Government Act 1993</i> .	Moderate (C3)	Almost certain (L5)	High	Prepare an alternative Annual Plan for adoption with consequent duplication of resources.
An alternative or updated version of the Annual Plan would need to be developed and endorsed, resulting in delayed implementation and reporting for the 2020/21 year.	Major (C4)	Almost certain (L5)	Extreme	Consultation and integration of feedback received is part of the Annual Plan drafting process to make sure the final draft meets Aldermanic expectations.

**Community Consultation and Public Relations Implications:**Community consultation

Under section 71(3) of the Act, the following steps must be taken to publicly notify an annual plan:

*As soon as practicable after a council adopts an annual plan, the General Manager is to:*

- (a) make a copy of the annual plan available for public inspection at the public office during ordinary business hours; and*
- (b) provide the Director (of Local Government) and the Director of Public Health with a copy of the annual plan.*

Once adopted, public notification about the Annual Plan will occur in accordance with these statutory requirements and the Plan will be posted to Council's website.

Public relations

The Annual Plan of Council outlines the key actions and priorities guiding operations for the upcoming 2021/22 year. The core activities of Council are summarised in the document. Key focus areas identified may illicit interest from the public and/or media.

**Recommendation:**

That Council:

1. ADOPT the Glenorchy City Council Annual Plan 2021/22 to 2024/25 in the form of Attachment 1.

**Attachments/Annexures**

- 1 GCC Annual Plan 2021/22 to 2021/25



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## 7. APPOINTMENT OF REPRESENTATIVE AND DEPUTY ON TASWATER OWNERS' REPRESENTATIVE GROUP

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Author: Executive Officer (Bryn Hannan)

Qualified Person: General Manager (Tony McMullen)

ECM File Reference: TasWater

### **Community Plan Reference:**

#### Leading our Community

We will be a progressive, positive community with strong council leadership, striving to make Our Community's Vision a reality.

### **Strategic or Annual Plan Reference:**

#### Leading our Community

- 4.1 Govern in the best interests of our community.
  - 4.1.1 Manage Council for maximum efficiency, accountability and transparency.
  - 4.1.2 Manage the City's assets soundly for the long term benefit of the community.
- 4.3 Build strong relationships to deliver our communities' goals.
  - 4.3.1 Foster productive relationships with other levels of government, other councils and peak bodies to achieve community outcomes.

### **Reporting Brief:**

To recommend that Council appoints the positions of Mayor and Deputy Mayor as its Owners' Representative and Deputy Owners' Representative on the TasWater Owners' Representative Group (ORG), and retains the General Manager as a standing proxy on the ORG.

### **Proposal in Detail:**

At its meeting on 26 February 2018 (item 11), Council resolved to appoint the Mayor as Council's Aldermanic representative on the TasWater Owners' Representative Group.

Council did not appoint a deputy representative on the ORG.

At a Special Council Meeting on 18 November 2018, Council approved the Mayor (on behalf of Council) having the power to appoint the General Manager as its standing proxy for various statutory bodies, including the ORG.

Under TasWater's constitution, appointments to the ORG are for a period of 3 years, meaning that Council's appointment of the Mayor has lapsed. The General Manager's appointment as proxy remains valid, meaning the General Manager can attend meetings and vote on Council's behalf.

The next TasWater ORG meeting is on 24 June 2021.

It is appropriate that Council appoints the Mayor and Deputy Mayor as its Owners' Representative and Deputy Owners' Representative, respectively on the ORG. The reasons for this are:

- one of the functions of a mayor is to *“represent the council on regional organisations and at intergovernmental forums at regional, state and federal levels”* (section 27(1)(f), *Local Government Act 1993 (the Act)*)
- the ORG is a regional organisation, meaning it the Mayor's appointment is necessary to comply with s. 27(1)(f).
- the Act also provides that the Deputy Mayor is to act in the position of mayor and exercises the powers and perform the functions of mayor if the mayor is absent from duty or otherwise unavailable or unable to perform the functions of mayor (s. 27(2)).
- however, under the TasWater Constitution, the fact that a mayor is appointed to undertake the role of Owner's Representative does not automatically mean that a deputy mayor inherits that role. Council therefore needs to specifically appoint the Deputy Mayor as its Deputy Owner's Representative to allow the Deputy Mayor to vote at meetings of the ORG.

It is therefore recommended that the Mayor and Deputy Mayor are appointed to the Representative and Deputy Representative Roles. The appointments would be by position, meaning that whoever was validly acting in the role of Mayor or Deputy Mayor at time would be the representative.

In accordance with TasWater's constitution, the appointments would be valid for a period of 3 years, however Council would have the opportunity to review this, and reappoint, if necessary, following the next Council elections which are due in October 2022.

It is also recommended that the Mayor's power to appoint the General Manager as proxy for ORG meetings remains in place in accordance with Council's resolution of 18 November 2018.

**Consultations:**

Acting Mayor  
General Manager  
TasWater GM of Governance and Assurance

**Human Resource / Financial and Risk Management Implications:**

Financial

There are no material financial implications. However, it is noted that Council receives dividend payments from TasWater, and the representatives have the authority to vote at ORG meetings which may influence decisions of TasWater's board.

Human resources

There are no material human resources implications.

Risk management

Risk Identification	Consequence	Likelihood	Rating	Risk Mitigation Treatment
<b>Adopt the recommendation</b> The incoming Mayor and/or Deputy Mayor (as the case may be) do not wish to perform the roles of Representative and/or Deputy Representative.	Minor (C2)	Unlikely (L2)	Low	Council reconsiders the appointments following the next local government elections (although this would not be recommended given the statutory functions of the Mayor and Deputy Mayor).
<b>Do not adopt the recommendation</b> Council would be in breach of section 27 of the <i>Local Government Act</i> in that the Mayor would not be authorised to properly performing their duties, leading to potential regulatory action and adverse publicity.	Moderate (C3)	Possible (L3)	Medium	The General Manager continues to act as Proxy at ORG meetings to ensure Council's interests are protected.

**Community Consultation and Public Relations Implications:**

Community consultation was not necessary or required in the preparation of this report, given that it relates to a regulatory matter.

There are no material public relations implications.

**Recommendation:**

That Council:

1. APPOINT the Mayor as its Representative on the TasWater Owners' Representative Group (**ORG**)
2. APPOINT the Deputy Mayor as its Deputy Representative on the TasWater ORG, and
3. NOTE that the Mayor's power to appoint the General Manager as proxy for meetings of the TasWater ORG, given by resolution on 18 November 2018, remains in place.

**Attachments/Annexures**

Nil.

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## 8. CODE OF CONDUCT PANEL DETERMINATION

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Author: General Manager (Tony McMullen)

Qualified Person: General Manager (Tony McMullen)

ECM File Reference: Code of Conduct

### Community Plan Reference:

#### Leading our Community

We will be a progressive, positive community with strong council leadership, striving to make Our Community's Vision a reality.

### Strategic or Annual Plan Reference:

#### Leading our Community

Objective 4.1 Govern in the best interests of our community

Strategy 4.1.1 Manage Council for maximum efficiency, accountability and transparency.

Strategy 4.1.3 Maximise regulatory compliance in Council and the community through our systems and processes

### Reporting Brief:

To table the Code of Conduct Panel's determination report in relation to a complaint made by Alderman Dunsby against Alderman Sims at the first meeting of the Council at which it is practicable to do so and which is open to the public in compliance with s. 28ZK(4) of the *Local Government Act 1993* (**the Act**).

### Proposal in Detail:

#### Receipt of determination

Advice has been received from the Local Government Code of Conduct Panel (**Panel**) that the Panel has determined a complaint made by Alderman Jan Dunsby against Alderman Kelly Sims (Attachment 1).

Section 28ZK(2) of the Act requires that any person who receives a determination report must keep the determination report confidential until the report is included within an item on the agenda for a meeting of the relevant council.

Section 28ZK(4) of the Act requires that the General Manager is to ensure the Report is tabled at the first meeting of the Council at which it is practicable to do so and which is open to the public.

### Finding of Code of Conduct Panel

For the reasons stated in the determination, the Panel found that Ald. Sims breached Part 7.1(a) [ *A councillor must treat all persons fairly* ] and (b) [ *A councillor must not cause*



*any reasonable person offence or embarrassment*] of the Code and upheld that part of the complaint.

The Panel found that Ald Sims did not breach Part 7.1(c) [*A councillor must not bully or harass any person*] of the Code and dismissed that part of the complaint.

### **Sanction**

After taking into consideration that this was the first time Ald. Sims has had a complaint upheld (in whole or in part) against her, the Panel imposed the following sanctions:

1. A caution on Alderman Sims.
2. A requirement for Alderman Sims to apologise to Alderman Dunsby for treating her unfairly, and for causing her offence. This apology is to be made without reservation at the ordinary Council meeting at which this report is tabled.

### **Timing of tabling of determination**

A question has arisen about the appropriate timing of the apology required under the Panel's determination.

The Panel sanction anticipates tabling of the determination at an ordinary council meeting. However, as previously stated, s. 28ZK(4) of the Act requires the General Manager to ensure the Report is tabled:

*"at the first meeting of the Council at which it is practicable to do so and which is open to the public."*

The first practicable Council meeting open to the public is this special Council meeting.

There is a conflict between the Panel's anticipated tabling forum (an ordinary Council meeting) and the first practicable meeting of the Council that is open to the public (this special Council meeting).

No definition of "council meeting" was found within the *Local Government Act 1993*.

However, the *Local Government (Meeting Procedures) Regulations 2015* defines a council meeting as "an ordinary council meeting or a special council meeting".

On that basis, it is my opinion, confirmed by verbal advice, that my lawful obligation as General Manager is to table the determination report at this special meeting.

### **Consultations:**

Alderman Sims

Alderman Dunsby

Senior Legal Counsel

Local Government Division

## **Human Resource / Financial and Risk Management Implications:**

### Financial

The parties to a complaint bear their own costs relating to the investigation and determination of a complaint pursuant to s. 28ZN of the Act.

Council has refunded the \$81 complaint fee to the complainant, as required by the Panel in accordance with s. 28ZO of the Act.

### Human resources

There are no material human resources implications.

### Risk management

As this report only requires Council to note the tabling of the determination report, there is no risk arising from Council's decision, per se.

## **Community Consultation and Public Relations Implications:**

### Community consultation

Not applicable.

### Public relations

There is likely to be some public interest in the Code of Conduct report and action required under the determination.

## **Recommendation:**

That Council:

NOTE the tabling of the Code of Conduct Panel's determination report in relation to a complaint made by Alderman Dunsby against Alderman Sims at this, the first meeting of the Council at which it is practicable to do so and which is open to the public, in compliance with s. 28ZK(4) of the *Local Government Act 1993*.

## **Attachments/Annexures**

- 1 Code of Conduct Panel Determination Ald J Dunsby v Ald K Sims

