



*The City with Spirit*

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### **NOTICE OF MEETING**

Notice is hereby given that a **Governance and Finance Committee** meeting of the Devonport City Council will be held in the Council Chambers, 17 Fenton Way, on Monday 19 September 2016, commencing at 5:30pm.

**The meeting will be open to the public at 5:30pm.**

### **QUALIFIED PERSONS**

In accordance with Section 65 of the *Local Government Act 1993*, I confirm that the reports in this agenda contain advice, information and recommendations given by a person who has the qualifications or experience necessary to give such advice, information or recommendation.

Paul West  
GENERAL MANAGER

**14 September 2016**

**AGENDA FOR A MEETING OF THE GOVERNANCE AND FINANCE COMMITTEE OF  
DEVONPORT CITY COUNCIL HELD ON MONDAY 19 SEPTEMBER 2016  
AT THE COUNCIL CHAMBERS AT 5:30PM**

Item	Page No.
<b>1.0 APOLOGIES</b> .....	<b>1</b>
<b>2.0 DECLARATIONS OF INTEREST</b> .....	<b>1</b>
<b>3.0 PROCEDURAL</b> .....	<b>2</b>
<b>3.1 PUBLIC QUESTION TIME</b> .....	<b>2</b>
3.1.1 Questions on notice from the public .....	3
3.1.2 Question without notice from the public .....	3
<b>3.2 QUESTIONS ON NOTICE FROM ALDERMEN</b> .....	<b>3</b>
<b>4.0 GOVERNANCE AND FINANCE REPORTS</b> .....	<b>4</b>
4.1 Pay by Phone Parking Technology - Review ( <b>D425929</b> ) .....	4
4.2 Annual General Meeting ( <b>D432292</b> ) .....	7
4.3 Annual Plan Progress Report - July-August 2016 ( <b>D432351</b> ) .....	9
4.4 Tiagarra - Lease to Six Rivers Aboriginal Corporation ( <b>D417167</b> ) .....	29
4.5 DIGITAL DEVONPORT: Devonport City Digital Strategy 2017-2021 ( <b>D438178</b> ) .....	68
4.6 TasWater - Dividends to Councils ( <b>D435652</b> ) .....	103
4.7 Elected Members' Expenditure Report - July/August 2016 ( <b>D434417</b> ) .....	110
4.8 Annual Financial Statement - 30 June 2016 ( <b>D433377</b> ) .....	113
4.9 Finance Report for August 2016 ( <b>D419093</b> ).....	193
4.10 Governance & Finance Report ( <b>D434352</b> ) .....	203
<b>5.0 CLOSURE</b> .....	<b>220</b>

Agenda of a meeting of the Devonport City Council's **Governance and Finance Committee** to be held at the Council Chambers, 17 Fenton Way, Devonport on Monday 19 September 2016 commencing at 5:30pm.

**PRESENT**

		<b>Present</b>	<b>Apology</b>
Chair	Ald Goodwin		
	Ald C D Emmerton		
	Ald S L Martin		
	Ald T M Milne		
	Ald L M Perry		
	Ald A L Rockliff		

**IN ATTENDANCE**

All persons in attendance are advised that it is Council policy to record Council Meetings, in accordance with Council's Audio Recording Policy. The audio recording of this meeting will be made available to the public on Council's website for a minimum period of six months. Members of the public in attendance at the meeting who do not wish for their words to be recorded and/or published on the website, should contact a relevant Council Officer and advise of their wishes prior to the start of the meeting.

**1.0 APOLOGIES**

**2.0 DECLARATIONS OF INTEREST**

### **3.0 PROCEDURAL**

#### **3.1 PUBLIC QUESTION TIME**

Members of the public are invited to ask questions in accordance with the following resolution of Council (Min Ref 54/16):

1. Public participation shall take place at Council meetings in accordance with Regulation 31 of the *Local Government (meeting Procedures) Regulations 2015*.
  2. Public participation will be the first agenda item following the formal motions; Apologies, Minutes and Declarations of Interest.
  3. A maximum period of time of 30 minutes in total will be allowed for public participation.
  4. A maximum period of time of 3 minutes will be allowed for each individual.
  5. A member of the public may give written notice to the General Manager 7 days before an ordinary meeting of Council of a question to be asked at that meeting.
  6. A member of the public will be entitled to ask questions relating to the activities of Council, giving an explanation that is necessary to give background to the question and ask supplementary or follow up questions relating to that specific matter that may come to light as a result of the answer.
  7. Questions do not have to be lodged prior to the meeting, however they would be preferably provided in writing.
  8. A question by any member of the public and an answer to that question are not to be debated.
  9. The Chairperson may refuse to accept a question. If the Chairperson refuses to accept a question, the Chairperson is to give reason for doing so.
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**3.1.1 Questions on notice from the public**

At the time of compilation of the agenda no questions on notice from the public were received.

**3.1.2 Question without notice from the public**

**3.2 QUESTIONS ON NOTICE FROM ALDERMEN**

At the time of compilation of the agenda no questions on notice from Aldermen were received.

## **4.0 GOVERNANCE AND FINANCE REPORTS**

### **4.1 PAY BY PHONE PARKING TECHNOLOGY - REVIEW**

**File: 31342 D425929**

#### **RELEVANCE TO COUNCIL'S PLANS & POLICIES**

Council's Strategic Plan 2009-2030:

Strategy 3.4.1 Advocate for state of the art Information Communication Technology (ICT) infrastructure development

#### **SUMMARY**

To report on the findings of the trial of Pay-by-Phone Parking Technology.

#### **BACKGROUND**

Council's Parking Strategy 2016-2021 recommended "The introduction of a range of payment methods at ticket machines and parking meters should be investigated" and accordingly Council agreed to (Min 161/15 refers) trial pay-by-phone technology in off-street car parks, excluding the Best Street Car Park, for a twelve-month period.

Pay-By-Phone technology is a medium for car parking payment that maximises the current trend of mobile phone use. Essentially, the service compliments the pay as you leave concept in that users of a car park can extend their parking session based on the time they require a parking space.

The trial was conducted in partnership with the EasyPark Group, who is a leading provider of Digital Parking and Pay-by-Phone parking since 2001. The Group operates in Australia, Austria, Denmark, Finland, Germany, Italy, Norway, Spain and Sweden (HQ) in more than 200 city councils and commercial parking facilities.

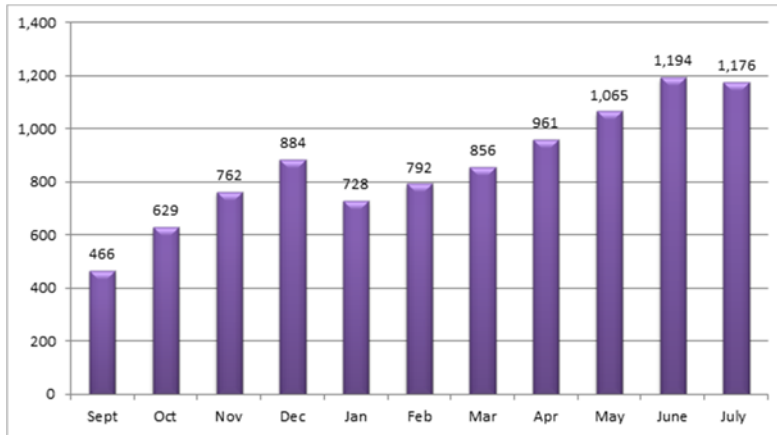
#### **STATUTORY REQUIREMENTS**

Council operates in accordance with a Parking By-law made under Section 145 of the *Local Government Act 1993* for the purpose of regulating and controlling the use of car parks belonging to or controlled by the Council and section 100 of the *Local Government (Highways) Act 1982* for the purpose of prescribing compositions under that Section.

#### **DISCUSSION**

Council has been trialling the pay-by-phone technology in off-street car parks excluding the Best Street Car park for the past twelve months. The service is currently only available in Council's off street car parks.

The below graph shows the number of users which have accessed the Pay-by-phone app since the commencement of the trial.



The graph shows a steady incline and gradual growth over the period. These figures indicate an appetite for the service and as such it is recommended to continue with this payment option.

Upon establishment of the trial it was determined that should the trial be deemed successful, an expression of interest process will be undertaken. EasyPark were made aware of this process.

The Pay-By-Phone technology runs in line with Council's Digital Strategy which is planned to be adopted later in the year. The digital strategy will encourage the use and promotion of digital technology similar to that outlined in this report.

Easy Park's software does not currently integrate with Council's enforcement software. This means the parking attendant must check the Easy Park Software separately on a mobile device to see if a car has a paid session prior to issuing an infringement on their hand held equipment. This adds time to parking enforcement tasks and is an area that can be improved in the future.

Whilst the pay by phone technology can operate with parking meters, due to the aim of encouraging short term parking in metered spaces, with high turnover, and longer term parking in off street car parks, it is not recommended that the technology is extended to parking meters at this time.

**COMMUNITY ENGAGEMENT**

No formal feedback has been received by users, but the statistics show the service is growing to be a popular option for patrons.

Informal feedback from retailers is positive and they have recommended Council investigate further promotional material which can be placed in stores to further advertise the service.

**FINANCIAL IMPLICATIONS**

The trial has not required any capital outlay from Council and the only operational expenditure was the time to train parking attendants on the software. The provider installed and supplied all signage.

Council receives parking income each month via bank deposit. Council receives the full designated parking fee and the provider applies a surcharge on top of the amount which they keep.

Under the trial arrangement, two options were made available to users. For those that use the service regularly there is an option to pay \$1.99 per month and then a 2.25% surcharge per transaction thereafter. For casual or infrequent parkers, a flat 10% surcharge applies.

All new users receive the first month free to see if they like the service. If they do, they transition to pay for the service and those that are unsatisfied simply revert back to paying for their parking at the meter.

Depending on the continued uptake of the service, Council could lose a significant amount of infringement revenue as a result of use of this service. It is difficult to determine what this reduction has been for the trial period but there is a decline in infringement numbers, which may be attributed to this application and the introduction of the PAYL car park.

**RISK IMPLICATIONS**

- Failure of technology  
With any technology there is a risk of failure. Other payment methods will always be available in the event the technology does not work.
- Consultation and/or Communication  
A structured media and communication plan will be developed and Council will continue to promote and support the technology, including promotion in conjunction with the digital strategy.

**CONCLUSION**

It can be concluded that given the number of users, and the growth in the usage, the trial has been a success. It provides a viable and cost effective option for payment of parking, complementing the traditional payment methods.

It is recommended to Council to proceed with Pay-By-Phone Technology in Council car parks, excluding Best Street Car Park, and not meters at this stage. As per the commitment given at the start of the trial, an expression of interest process will need to be coordinated.

**ATTACHMENTS**

Nil

**RECOMMENDATION**

That it be recommended to Council that the report of the Executive Manager Corporate, Community and Business Services relating to the Pay-By-Phone technology trial be received and that it undertakes an expression of interest process for pay by phone technology to be maintained in Council car parks.

Author: Position:	Shane Crawford Executive Manager Corporate, Community & Business Services	Endorsed By: Position:	Paul West General Manager
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## 4.2 ANNUAL GENERAL MEETING

File: 27391 D432292

### RELEVANCE TO COUNCIL'S PLANS & POLICIES

Council's Strategic Plan 2009-2030:

Strategy 5.2.3 Encourage community action and participation that results in increased well-being and engagement

### SUMMARY

Council is required to determine a date and venue for an Annual General Meeting (AGM), in accordance with the *Local Government Act 1993*.

### BACKGROUND

Council must hold its AGM prior to 15 December and as in previous years, a date in October is suggested for consideration.

### STATUTORY REQUIREMENTS

The *Local Government Act 1993* states:

#### 72B. Annual General Meeting

- (1) A council must hold an Annual General Meeting on a date that –
  - (a) is not later than 15 December in each year; and
  - (b) is not before 14 days after the date of the first publication of a notice under subsection (2).
- (2) A council must publish a notice in a daily newspaper circulating in the municipal area or other prescribed newspaper specifying the date, time and place of the Annual General Meeting.
- (3) If a quorum of the council is not present at an Annual General Meeting –
  - (a) the Annual General Meeting is to be reconvened and held within 14 days; and
  - (b) a notice is to be published in a daily newspaper circulating in the municipal area or other prescribed newspaper specifying the date, time and place of the Annual General Meeting.
- (4) Only electors in the municipal area are entitled to vote at an Annual General Meeting.
- (5) A motion at an Annual General Meeting is passed by a majority of votes taken by a show of hands or by any other means of ascertaining the vote the council determines.
- (6) A motion passed at an Annual General Meeting is to be considered at the next meeting of the council.
- (7) The general manager is to keep minutes of the Annual General Meeting.

### DISCUSSION

A proposed date for the AGM is Monday, 31 October 2016 at 5:30pm in the Council Chambers. Alternatively Council could conduct the AGM at 5:00pm on 24 October prior to its ordinary Council meeting.

**Report to Governance and Finance Committee meeting on 19 September 2016**

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Council has in the past held its AGM at various venues throughout the municipal area, including Bass Strait Maritime Centre and East Devonport Recreation Centre. However, with Council's decision to record and publish Council meetings, and the installation of equipment to enable this to be undertaken, it is logistically more difficult to hold the meeting elsewhere and transport recording equipment accordingly. Last year's AGM was held in the Council Chambers for this reason.

Council's Annual Report will be provided to Aldermen in draft format prior to its formal publication allowing a minimum of ten days to provide feedback and comment.

**COMMUNITY ENGAGEMENT**

No consultation has been undertaken as a result of this report. The Annual Report will be publically available and comments invited.

**FINANCIAL IMPLICATIONS**

There are no financial implications as a result of this report. Costs of holding the AGM are factored into the budget and are minimal.

**RISK IMPLICATIONS**

Failure to hold an AGM will result in a breach of the Act.

**CONCLUSION**

Given the recording and publishing of Council's meetings on the website, it would be preferable to hold the AGM in the Council Chambers.

**ATTACHMENTS**

Nil

**RECOMMENDATION**

That it be recommended to Council that the 2016 Annual General Meeting be held in the Council Chambers on:

**Option 1**

Monday 31 October 2016 at 5:30pm.

**Option 2**

Monday 24 October 2016 at 5:00 pm (prior to Council's ordinary meeting).

Author:	Karen Hampton	Endorsed By:	Paul West
Position:	Governance Coordinator	Position:	General Manager

## 4.3 ANNUAL PLAN PROGRESS REPORT - JULY-AUGUST 2016

File: 26469 D432351

### RELEVANCE TO COUNCIL'S PLANS & POLICIES

Council's Strategic Plan 2009-2030:

Strategy 5.3.5 Maintain and monitor a fully integrated strategic and business planning process that meets legislative requirements and provides an increased performance management reporting capacity across the whole organisation and with external stakeholders

### SUMMARY

To provide an update on the progress of the 2016/17 Annual Plan as at 31 August 2016.

### BACKGROUND

Council adopted its 2016/17 Annual Plan on 27 June 2016. The Annual Plan outlines the actions to be undertaken this financial year to work towards achieving Council's strategic goals.

### STATUTORY REQUIREMENTS

In accordance with Section 71 of the *Local Government Act 1993*, a Council is to prepare an Annual Plan for the municipal area for each financial year.

### DISCUSSION

The Annual Plan has been developed to guide Council in its actions to ensure the future aspirations of the Devonport community can be achieved.

### COMMUNITY ENGAGEMENT

There was no community engagement as a result of this report.

### FINANCIAL IMPLICATIONS

Budget implications are communicated to Aldermen separately and do not form part of this report.

### RISK IMPLICATIONS

It is not believed that there are any risks associated with this report.

### CONCLUSION

The 2016/17 Annual Plan Progress Report as at 31 August 2016 is provided for the information of the Aldermen and the community.

### ATTACHMENTS

1. Annual Plan Progress Report- July-August 2016

### RECOMMENDATION

That it be recommended to Council that the 2016/17 Annual Plan Progress Report for the period 1 July to 31 August 2016 be received and noted.

Author:	Karen Hampton	Endorsed By:	Paul West
Position:	Governance Coordinator	Position:	General Manager

Devonport City Council



*The City with Spirit*

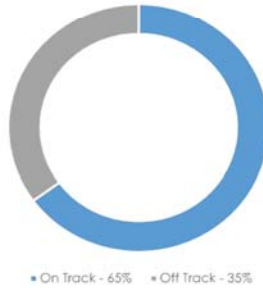
Annual Plan Progress Report  
July-August 2016



Annual Plan Progress Report - July - August 2016

The following document contains progress details against Council's 2016/17 Annual Plan. The 2016/17 Annual Plan can be located at <http://www.devonport.tas.gov.au/Council/Publications-Plans-Reports/Annual-Plan-Estimates>. The Annual Plan actions are developed annually and are aligned with the Goals that were developed as part of Council's Strategic Plan 2009-2030. Council's progress to date against the 2016/17 Annual Plan, and progress against the five Strategic Goals are graphically presented below.

Annual Plan Progress



Goal 1 - Living Lightly on our Environment



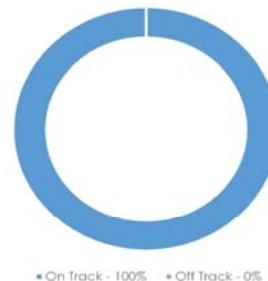
Goal 2 - Building a Unique City



Goal 3 - Growing a Vibrant Economy



Goal 4 - Building Quality of Life



Goal 5 - Practicing Excellence in Governance



The following pages contains the Progress Report from Council's 2016/17 Annual Plan.



***Devonport City Council***  
***Strategic Plan Progress Report***

*Period:* 16/17



## Strategic Plan Progress Report

**Goal:** 1 Living lightly on our environment

**Outcome:** 1.1 Devonport is an energy efficient City

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 1.1.1 Lead and actively promote the adoption of practices that support the sustainable use of energy and other natural resources by Council, businesses and the community						
1.1.1.1 Review Energy Efficiency and Environmental Sustainability Strategies	None	Not Started	0%	Action not yet commenced	Executive Officer Community Services	30/06/2017
1.1.1.2 Develop environmental key performance indicators	None	Not Started	0%	Action not yet commenced	Executive Officer Community Services	30/06/2017

**Outcome:** 1.2 Sustainability is promoted and integrated across all sectors

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 1.2.1 Support the conservation and maintenance of biodiversity corridors including coastal landscapes and preserve areas of remnant vegetation						
1.2.1.1 Submit grant applications for community based bushland conservation projects	None	Not Started	0%	Action not yet commenced	Executive Officer Community Services	30/06/2017
<b>Strategy:</b> 1.2.2 Develop and implement local and regional policies and initiatives to mitigate climate change impacts in partnership with all spheres of Government						
1.2.2.1 Review Corporate Climate Change Adaptation Plan	None	Not Started	0%	Action due to commence November 2016	Executive Officer Community Services	30/06/2017

**Outcome:** 1.3 Devonport is aware and active on how to live lightly

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 1.3.1 Identify and implement initiatives to educate and encourage our community on opportunities to "live lightly"						
1.3.1.1 Deliver Living Lightly Expo to demonstrate simple actions residents can	None	In Progress	75%	Event to be held in partnership with the Devonport Community House at the	Executive Officer Community Services	30/09/2016



**Strategic Plan Progress Report**

**Goal:** 1 Living lightly on our environment

**Outcome:** 1.3 Devonport is aware and active on how to live lightly

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy: 1.3.1 Identify and implement initiatives to educate and encourage our community on opportunities to "live lightly"</b>						
take to reduce their footprint				Devonport Community Garden on 17 September 2016. Currently being promoted		
1.3.1.2 Deliver or support a series of workshops and events to provide opportunities to minimise resource consumption and promote environmental awareness	None	In Progress	8%	Energy efficiency in the home workshops will be conducted at the Living Lightly Expo on 17 September 2016	Executive Officer Community Services	30/06/2017

**Outcome:** 1.4 Our waste and pollution is reduced

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy: 1.4.1 Promote recycling, re-use and minimisation of waste materials within Council, to the community and businesses</b>						
1.4.1.1 Develop an environmental education program and actively seek funding opportunities	None	Not Started	0%	Action not yet commenced	Executive Officer Community Services	30/06/2017
<b>Strategy: 1.4.2 Facilitate, and where appropriate, undertake improvements in waste and recycling collection, processing services and facilities</b>						
1.4.2.1 Develop a Waste Management Strategy	None	In Progress	8%	Consultation sessions with staff currently underway	Executive Officer Community Services	30/06/2017

ITEM 4.3

Annual Plan Progress Report- July-August 2016

PAGE 14

ATTACHMENT [1]





## Strategic Plan Progress Report

**Goal:** 2 Building a unique city

**Outcome:** 2.1 Council's Planning Scheme provides rational and practical clustering of common property uses, and facilitates appropriate development

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 2.1.1 Apply and review the Devonport Interim Planning Scheme as required, to ensure it delivers local community character and appropriate land use						
2.1.1.1 Participate in the finalisation of the Interim Planning Scheme and coordinate the development of the Local Provisions of the new Statewide Planning Scheme	None	In Progress	20%	Council has responded to all requirements associated with the finalisation of the Interim Planning Scheme. Initial consideration of local provisions for the State Planning Scheme has commenced and Council is awaiting a timetable from the State Government	Development Manager	30/06/2017
Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 2.1.2 Provide high quality, consistent and responsive development assessment and compliance processes						
2.1.2.1 Revise and review practices to ensure they are compatible with the new State Planning Scheme provisions	None	In Progress	10%	The new State Provisions are still undergoing Hearings until December 2016. The review of the Local Provisions has commenced but cannot progress to finality until Policy direction is received from the Tasmanian Planning Commission to ensure the 29 Councils are consistent in their approach and interpretation	Planning & Environmental Health Coordinator	30/06/2017
Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 2.1.3 Work in partnership with neighbouring councils, State Government and other key stakeholders on regional planning and development issues						
2.1.3.1 Maintain membership of the Cradle Coast Regional Planning Group to deliver a consistent approach to interpretation, practices and procedures associated with the introduction of the new State Planning Scheme	None	Not Started	0%	It is anticipated that a Regional Project Officer will be appointed to guide the 9 North-West Councils and they will confer with the Northern and Southern counterparts	Planning & Environmental Health Coordinator	30/06/2017

**Outcome:** 2.3 The infrastructure priorities to support the development of our unique city are planned and appropriately funded and maintained



## Strategic Plan Progress Report

**Goal:** 2 Building a unique city

**Outcome:** 2.3 The infrastructure priorities to support the development of our unique city are planned and appropriately funded and maintained

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 2.3.1 Provide and maintain roads, bridges, footpaths, bike paths and car parks to appropriate standards						
2.3.1.1 Explore parking incentives and variable pricing structures	None	In Progress	11%	Commenced data gathering of different types of parking incentives. The LIVING CITY Project will impact pricing on car parking	Customer Services Coordinator	31/03/2017
2.3.1.1 Investigate lighting levels at various locations to determine scope of works required to achieve compliance with current Australian Standards	None	Not Started	0%	Action due to commence September 2016	City Engineer	30/04/2017
2.3.1.2 Review span of hours for paid parking	None	In Progress	16%	Work commenced on ensuring all signage displays correct span of hours	Customer Services Coordinator	31/03/2017
2.3.1.2 Review and update Council's Pedestrian Network Strategy	None	In Progress	80%	Strategy has been reviewed and endorsed by Council for public consultation	City Engineer	30/06/2017
2.3.1.3 Determine technology to be used within the multi-storey carpark	None	In Progress	5%	Working group created to discuss this action	Customer Services Coordinator	31/03/2017
2.3.1.4 Consider future direction and provision of free parking days	None	Not Started	0%	Action due to commence January 2017	Customer Services Coordinator	31/03/2017
2.3.1.5 Consider pricing structure of the Multi-Storey Car Park	None	Not Started	0%	Action due to commence January 2017	Customer Services Coordinator	31/03/2017
2.3.1.6 Review existing pension permit scheme and associated processes	None	In Progress	16%	In the process of gathering ideas for other options and determining what other Council activities could be included	Customer Services Coordinator	31/12/2016



**Strategic Plan Progress Report**

**Goal:** 2 Building a unique city

**Outcome:** 2.3 The infrastructure priorities to support the development of our unique city are planned and appropriately funded and maintained

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy: 2.3.2 Provide and maintain stormwater infrastructure to appropriate standards</b>						
2.3.2.1 Review and update Council's Stormwater Strategy	None	Not Started	0%	Action due to commence September 2016	City Engineer	30/06/2017
2.3.2.2 Continue to develop hydraulic modelling for the stormwater network	None	In Progress	25%	Hydraulic modelling is continuing	City Engineer	30/06/2017
Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy: 2.3.5 Develop and maintain long term Strategic Asset Management Plans and Capital Improvement Program</b>						
2.3.5.1 Continue to review and update Council's Asset Management Plans and develop a summary document to provide an overview of Council's asset management status	None	In Progress	25%	Asset Management plan for road assets is being prepared for Council endorsement	Technical Support Supervisor	30/06/2017

**Outcome:** 2.4 Promote the development of the CBD in a manner which achieves the LIVING CITY Principles Plan

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy: 2.4.1 Develop and implement a CBD Master Plan aligned to the key LIVING CITY principles based on community engagement outcomes</b>						
2.4.1.1 Develop a business plan for the new conference facility including pricing structure and marketing strategies	None	In Progress	5%	Preliminary information is being sourced	Executive Manager - Corporate, Community & Business Services	31/12/2016
2.4.1.2 Undertake construction of LIVING CITY Stage 1 in accordance with funding model and agreed design parameters	None	In Progress	15%	Construction underway - on program and budget	Deputy General Manager - Infrastructure, Works and Development	30/06/2018
Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy: 2.4.2 Lobby and attract Government support to assist with the implementation of LIVING CITY Master Plans</b>						



**Strategic Plan Progress Report**

**Goal:** 2 Building a unique city

**Outcome:** 2.4 Promote the development of the CBD in a manner which achieves the LIVING CITY Principles Plan

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy: 2.4.2 Lobby and attract Government support to assist with the implementation of LIVING CITY Master Plans</b>						
2.4.2.1 Identify opportunities to attract Government funding to advance the LIVING CITY Waterfront Precinct	None	Not Started	0%	Action not yet commenced	Deputy General Manager - Infrastructure, Works and Development	30/06/2019
Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy: 2.4.3 Implement initiatives to encourage private investment aligned with the outcomes of the LIVING CITY Master Plans</b>						
2.4.3.1 Develop concept plans and necessary demand studies and progress the selection of a suitable hotel developer for the LIVING CITY Waterfront Precinct	None	In Progress	15%	Design team selected and initial meetings held	Deputy General Manager - Infrastructure, Works and Development	30/06/2017

ITEM 4.3

Annual Plan Progress Report- July-August 2016

PAGE 18

ATTACHMENT [1]



## Strategic Plan Progress Report

**Goal:** 3 Growing a vibrant economy

**Outcome:** 3.1 Devonport is the retail and service centre for North West Tasmania

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 3.1.1 Market and promote the City and its potential as a regional business hub						
3.1.1.1 Identify and attract new business opportunities to the southern end of the CBD	None	In Progress	15%	Support provided to IT solutions and Taswater to locate to Southern CBD. Contract awarded for construction of new public carpark	Deputy General Manager - Infrastructure, Works and Development	30/06/2017
Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 3.1.2 Manage strategic urban development initiatives that supports the importance of the CBD and reduces fragmentation						
3.1.2.1 Progress retail stages of the LIVING CITY Plan to a saleable package stage with permits, major leases and designs	None	In Progress	15%	Discussions continuing with major retailers	Deputy General Manager - Infrastructure, Works and Development	31/12/2017

**Outcome:** 3.2 Devonport's thriving visitor industry is developed around the water, natural beauty, location and agricultural advantages of the area

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 3.2.2 Support regional tourism development through productive relationships with regional partners and State and Federal Government						
3.2.2.1 Continue to develop and strengthen Devonport as a tourism destination through marketing and advertising opportunities	None	In Progress	20%	Destination marketing initiatives will be implemented in the second half of 2016. Planning is currently underway with the Cradle Country Marketing Group for promotional execution of the campaign	Marketing, Tourism & Recreation Manager	30/06/2017
Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 3.2.3 Facilitate a pro-active approach by business to embrace tourism opportunities						
3.2.3.1 The development of the Food Pavilion, providing opportunities for local producers to value add and for new restaurants to be established	None	In Progress	10%	Negotiations continuing with potential tenants	Deputy General Manager - Infrastructure, Works and Development	30/06/2017
Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 3.2.6 Provide visitor information and interpretive services through well designed and managed facilities						



**Strategic Plan Progress Report**

**Goal:** 3 Growing a vibrant economy

**Outcome:** 3.2 Devonport's thriving visitor industry is developed around the water, natural beauty, location and agricultural advantages of the area

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 3.2.6 Provide visitor information and interpretive services through well designed and managed facilities						
3.2.6.1 Investigate alternative operational models to increase efficiencies and reduce net cost to Council	None	In Progress	20%	Marketing and Events team have undertaken a review of the recent Devonport Jazz Festival held in July 2016. A review document outlining the outcome of the festival and future recommendations will be presented at the October Community Services meeting	Marketing, Tourism & Recreation Manager	30/06/2017

**Outcome:** 3.3 Access in to, out of, and around the City is well planned and managed

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 3.3.1 Improve the City's physical access and connectivity						
3.3.1.1 Investigate and develop improved traffic management for locations within the road network with known access and connectivity issues	None	Not Started	0%	Action due to commence September 2016	City Engineer	30/04/2017
3.3.1.2 Investigate and develop improved pedestrian access for locations within the City with known access and connectivity issues	None	Not Started	0%	Action due to commence September 2016	City Engineer	30/04/2017
<b>Strategy:</b> 3.3.2 Develop and maintain a high profile City entrance and streetscape that enhances and maintains its character						
3.3.2.1 Review Council's Signage Strategy	None	In Progress	30%	Strategy has been reviewed and is being redrafted for Council endorsement	Infrastructure & Works Manager	30/06/2017

**Outcome:** 3.4 Modern communication technology is used to identify and deliver new opportunities

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 3.4.1 Advocate for state of the art Information Communication Technology (ICT) infrastructure development						



**Strategic Plan Progress Report**

**Goal:** 3 Growing a vibrant economy

**Outcome:** 3.4 Modern communication technology is used to identify and deliver new opportunities

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy: 3.4.1 Advocate for state of the art Information Communication Technology (ICT) infrastructure development</b>						
3.4.1.1 Continue to enhance utilisation and marketing features of public Wifi system	None	Not Started	0%	Action due to commence September 2016	IT Coordinator	30/06/2017
3.4.1.1 Continue to investigate opportunities for implementing IT solutions to assist with service delivery within the Infrastructure and Works Department	None	Not Started	0%	Action due to commence October 2016	Works Supervisor	30/06/2017
3.4.1.2 Complete Year 1 actions from the Digital Strategy	None	Not Started	0%	Action due to commence November 2016	IT Coordinator	30/06/2017

ITEM 4.3

Annual Plan Progress Report- July-August 2016

PAGE 21

ATTACHMENT [1]



## Strategic Plan Progress Report

**Goal:** 4 Building quality of life

**Outcome:** 4.1 Sport and recreation facilities and programs are well planned with strong participation

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 4.1.1 Provide sport, recreation and leisure facilities and programs to meet the needs of the community						
4.1.1.1 Facilitate a health and well-being program for primary school children to increase participation in sport and leisure activities	None	In Progress	25%	School Holiday Program planning is underway for Term 3 (October 2016)	Sport & Recreation Development Coordinator	30/06/2017
Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 4.1.2 Enhance and increase the utilisation of sport and recreation facilities						
4.1.2.1 Increase participation and utilisation of facilities through a program developed specifically for Devonport's ageing population	None	In Progress	25%	Implemented Tai Chi Programs for the elderly with chronic diseases. Program has commenced at the Devonport Recreation Centre. A new Tai Chi program is currently being planned for the elderly. The program will be open to all seniors and will commence and be promoted during Seniors Week in October 2016	Sport & Recreation Development Coordinator	30/06/2017

**Outcome:** 4.2 A vibrant culture is created through the provision of cultural activities, events and facilities

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 4.2.1 Acknowledge, preserve and celebrate local art, culture and heritage						
4.2.1.1 Develop a Disaster Preparedness Plan for collection management at the Bass Strait Maritime Centre	None	In Progress	50%	Five sessions held with Arts Tasmania Roving Curator. Draft Plan in place. Prevention component completed. Response component in progress with anticipated completion at the next session scheduled for 30 September 2016. Working Group will then commence the Recovery component	Maritime Museum & Heritage Centre Coordinator	31/12/2016
4.2.1.2 Commence a transfer of Bass Strait Maritime Centre collection catalogue to an electronic database	None	In Progress	10%	Initial work plan has been reviewed with completion and access to the new storage/back up system now in place.	Maritime Museum & Heritage Centre Coordinator	30/06/2017



**Strategic Plan Progress Report**

**Goal:** 4 Building quality of life

**Outcome:** 4.2 A vibrant culture is created through the provision of cultural activities, events and facilities

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 4.2.1 Acknowledge, preserve and celebrate local art, culture and heritage						
				Currently checking that Past Perfect is still operational with computer changes that have been made. Arranging for tutorial to be available for volunteers		
4.2.1.3 Plan, prepare and facilitate attendance by the Julie Burgess at the 2017 Australian Wooden Boat Festival	None	In Progress	20%	Project plan completed. Ketch has been registered. Draft sail plan and sailing calendar for the festival completed and circulated to crew and potential passengers	Maritime Museum & Heritage Centre Coordinator	31/03/2017
Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 4.2.2 Cultural facilities and programs are well planned and promoted to increase accessibility and sustainability, active engagement and strong participation for the benefit of current and future generations						
4.2.2.1 Plan and facilitate a minimum of six outreach activities to increase awareness of the local history resources available at the Bass Strait Maritime Centre	None	In Progress	20%	Schedule developed. Currently exploring options with LINC. Marquee booked for participation at Home Hill Garden Party October 16 2016	Maritime Museum & Heritage Centre Coordinator	30/06/2017

**Outcome:** 4.4 Our community and visitors are safe and secure

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 4.4.4 Facilitate and support a collaborative approach to community safety						
4.4.4.1 Support the development of the Bike Safety Park at Pioneer Park, East Devonport	None	In Progress	20%	Community consultation completed on location and design of the park	Executive Officer Community Services	30/06/2017

**Outcome:** 4.5 Education and learning is accessible and responsive to our needs

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 4.5.1 Support the provision of facilities and services that encourage lifelong learning, literacy and meet the information needs of the community						



**Strategic Plan Progress Report**

**Goal:** 4 Building quality of life

**Outcome:** 4.5 Education and learning is accessible and responsive to our needs

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy: 4.5.1 Support the provision of facilities and services that encourage lifelong learning, literacy and meet the information needs of the community</b>						
4.5.1.1 Embed learning opportunities into events, initiatives and activities being delivered to the community	None	In Progress	20%	Devonport Festival of Learning (1-30 September 2016) program developed and launched. Festival is a month long umbrella event offering a series of events/activities which are free or low cost and have a learning outcome. Spring Program developed and launched Council events offered are either free and low cost and have a learning opportunity. The Great 1000 Book Challenge launched during Book Week, which challenges people to read aloud to their family. TIDAL festival Programming under development, with a series of activities being planned with a learning and cultural outcome.	Community and Cultural Development Manager	30/06/2017

**Outcome:** 4.6 Integrated health and wellbeing services and facilities are accessible to all

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy: 4.6.2 Provide quality public and environmental health services</b>						
4.6.2.1 Administer a school and community based immunisation program and provide informed responses to public health and environmental issues	None	In Progress	25%	This is being maintained in accordance with the National Immunisation Program Schedule	Planning & Environmental Health Coordinator	30/06/2017
<b>Strategy: 4.6.3 Development of partnerships between all levels of government, the private and not for profit sectors that deliver innovative solutions to complex needs and issues in conjunction with the community</b>						
4.6.3.1 Investigate opportunities to value add to outcomes achieved through the Devonport Food Connection Project	None	In Progress	20%	Attended "Building scale, scope and sustainability into the local food economy" Workshop to develop a sustainable regional	Community and Cultural Development Manager	30/06/2017



**Strategic Plan Progress Report**

**Goal:** 4 Building quality of life

**Outcome:** 4.6 Integrated health and wellbeing services and facilities are accessible to all

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 4.6.3 Development of partnerships between all levels of government, the private and not for profit sectors that deliver innovative solutions to complex needs and issues in conjunction with the community						
beyond Council's direct involvement				model for capturing and maintaining food security initiatives. A North West Food Policy Coalition is being established of which Council and Food Connection Partners have been invited to become members of		

**Outcome:** 4.7 An active, connected, empowered community promotes and values diversity and equity

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 4.7.5 Support initiatives that foster community harmony and which values and celebrates diversity						
4.7.5.1 Deliver an initiative or event that celebrates and embraces diversity	None	Not Started	0%	This action has not yet commenced - Due to commence March 2017	Community Development & Volunteer Coordinator	30/06/2017

**Outcome:** 4.8 Young people are recognised, valued and connected to the community, allowing them to reach their full potential

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 4.8.3 Assist in the development, promotion and celebration of youth						
4.8.3.1 Collaborate with young people to deliver an event which celebrates youth, identity, culture and community participation	None	Not Started	0%	This action has not yet commenced - Due to commence in line with National Youth Week Event	Community and Cultural Development Manager	30/06/2017
4.8.3.2 Develop a Regional Youth Strategy in conjunction with Latrobe and Kentish Councils	None	In Progress	10%	Formal approach has been made to Kentish and Latrobe Council to develop a joint regional youth strategy. Awaiting response from both Councils.	Community and Cultural Development Manager	30/06/2017



## Strategic Plan Progress Report

**Goal:** 5 Practicing excellence in governance

**Outcome:** 5.3 Council employs best practice governance

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 5.3.1 Review and amend governance structures, policies and procedures to adapt to changing circumstances						
5.3.1.1 Review and update audit and compliance processes to ensure Council meets its legislative obligations and recommended governance practices	None	Not Started	0%	Action expected to commence January 2017	Governance Coordinator	30/06/2017
<b>Strategy:</b> 5.3.4 Ensure effective administration and operation of Council's committees						
5.3.4.1 A review of Special Interest Groups and Section 24 Committees to be undertaken	None	Not Started	0%	Action expected to commence January 2017	Governance Coordinator	30/06/2017

**Outcome:** 5.5 Council's services are financially sustainable

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 5.5.3 Ensure revenue modelling meets Council's funding requirements to provide equitable pricing relevant to services delivered						
5.5.3.1 Review the pricing structure in relation to the Waste Management Charge	None	Not Started	0%	Action due to commence October 2016	Executive Manager - Organisational Performance	30/06/2017

**Outcome:** 5.6 Risk management is a core organisational focus

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy:</b> 5.6.1 Ensure safe work practices through adherence to Work Health and Safety standards						
5.6.1.1 Address the identified priority improvement areas in the Health and Safety Management System	None	In Progress	15%	Ongoing progress made on documentation reviews and training specific to Infrastructure and Works activities. Other departments to be included over the next three months around gathering information and checking of processes from a risk and safety perspective	Safety Officer	30/06/2017



**Strategic Plan Progress Report**

**Goal:** 5 Practicing excellence in governance

**Outcome:** 5.6 Risk management is a core organisational focus

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy: 5.6.3 Integrate risk management principles into all business practices</b>						
5.6.3.1 Assess and implement, where appropriate, recommendations from the Municipal Association of Victoria (MAV) Annual Risk Service Review	None	In Progress	10%	Contractor Management Action Plan developed and monitored through Risk, Audit & Compliance Committee	Risk Management & Compliance Coordinator	30/06/2017
Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy: 5.6.5 Ensure compliance with all relevant legislative requirements, standards, policies and procedures</b>						
5.6.5.1 Address areas of non-compliance within Codes of Practice	None	In Progress	15%	Target Code of Practice to review is the "WHS Consultation, Cooperation and Coordination " while continued engagement has been focused on with Infrastructure and Works Department, which has been well supported. Work is required with the other Department Manager in engaging the Risk and Safety Department to help ensure that a clear understanding of the Code of Practice requirements that are not currently being met	Safety Officer	30/06/2017

**Outcome:** 5.7 Skilled, engaged and motivated staff have a supportive environment

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy: 5.7.3 Ensure Human Resource policies, procedures and management systems support effective Council service delivery</b>						
5.7.3.1 Negotiate a new Enterprise Agreement in accordance with legislation	None	Not Started	0%	Action due to commence in February 2017	HR Coordinator	30/06/2017

**Outcome:** 5.8 Information management and communication enhances Council's operations and delivery of services

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy: 5.8.1 Provide efficient, effective and secure information management services that support Council's operations</b>						
5.8.1.1 Implementation of Year 2 actions	None	In Progress	16%	Following a review of the Strategy actions	Records Officer	30/06/2017



## Strategic Plan Progress Report

**Goal:** 5 Practicing excellence in governance

**Outcome:** 5.8 Information management and communication enhances Council's operations and delivery of services

Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy: 5.8.1 Provide efficient, effective and secure information management services that support Council's operations</b>						
from the Information Management Strategy				have been assimilated into the Records Office Operational Plan. Upgrade from TRIM 7 to Records Manager completed in August 2016		
Actions	RISK	STATUS	% COMP	PROGRESS COMMENTS	RESP. OFFICER	COMP DATE
<b>Strategy: 5.8.2 Ensure access to Council information that meets user demands, is easy to understand, whilst complying with legislative requirements</b>						
5.8.2.1 Prepare for audit of Council's record keeping practices by the Tasmanian Archives and Heritage Office	None	In Progress	32%	Advice was received in June 2016 that the Records Office audit process had commenced. The Records Office submitted prepared evidence to the Tasmanian Archives & Heritage Office (TAHO) on the 27 July 2016. The final stage of the audit process is the TAHO report highlighting 3 recommendations for action. Council is currently waiting on the results which will be published in a report due around November 2016	Records Officer	31/12/2016
5.8.2.1 Finalise the Pay by Phone parking trial and consider future options	None	Not Started	0%	Action not yet commenced	Customer Services Coordinator	30/09/2016
5.8.2.2 Improve services and functions available online for Council's customers	None	Not Started	0%	Action not yet commenced	Customer Services Coordinator	30/06/2017
5.8.2.2 Explore and introduce an automatic process of uploading information from handheld infringement devices to the main payment system	None	Not Started	0%	Action not yet commenced	Customer Services Coordinator	31/12/2016

## 4.4 TIAGARRA - LEASE TO SIX RIVERS ABORIGINAL CORPORATION

File: 26729 D417167

### RELEVANCE TO COUNCIL'S PLANS & POLICIES

Council's Strategic Plan 2009-2030:

Strategy 4.2.1 Acknowledge, preserve and celebrate local art, culture and heritage

### SUMMARY

To finalise the legal documents for the transfer and lease of land to Six Rivers Aboriginal Corporation (SRAC) for the property known as Tiagarra.

### BACKGROUND

At its meeting held 21 March, 2016, Council resolved as follows (Min 47/16 refers):

*That Council in relation to the Tiagarra lease to Six Rivers Aboriginal Corporation:*

- (a) receive and note the submission provided during the 21 day consultation period;*
- (b) authorise the finalisation of a 20 year lease (including sub-lease) to SRAC general in line with normal lease terms and conditions;*
- (c) authorise the General Manager to finalise the transfer of the built assets to SRAC once the lease agreement is finalised.*

Council's solicitors were instructed to prepare Lease and Deed of Transfer documents and these were provided to the SRAC Board for their feedback and consideration.

### STATUTORY REQUIREMENTS

Section 178 of the *Local Government Act 1993* which relates to the sale, exchange and disposal of public land has been complied with.

### DISCUSSION

Both documents accurately reflect the arrangements previously agreed to by Council. The documents have been approved and executed by the SRAC Board and once formally endorsed by Council, can be finalised.

Once the documents have been signed, the Tiagarra buildings and contents will be removed from Council's asset schedule.

### COMMUNITY ENGAGEMENT

Community engagement has been undertaken in accordance with the *Local Government Act 1993* (Section 178).

### FINANCIAL IMPLICATIONS

Council's legal costs in this matter are likely to exceed \$5,500. An application for exemption of stamp duty will be lodged due to SRAC's not for profit status. If approved, stamp duty will not be payable on the transaction.

At 31 August 2016 the written down value of the Tiagarra assets totalled \$361,608. This amount will be recorded as an Infrastructure Donation upon completion of the transaction.

**RISK IMPLICATIONS**

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

**CONCLUSION**

Council has followed the processes as outlined in the *Local Government Act 1993* regarding the long term lease of land and the transfer of the Tiagarra building to SRAC. The documents can now be formally executed by Council. SRAC has arranged for its co-Chairs to execute the documents pending Council's final endorsement.

**ATTACHMENTS**

1. Deed of Transfer signed by SRAC
2. Lease - signed by SRAC

**RECOMMENDATION**

That it be recommended to Council that the report relating to the transfer of the building and the lease of the land known as "Tiagarra" to Six Rivers Aboriginal Corporation be noted and the General Manager be authorised to execute the Lease and Deed of Transfer.

Author:	Karen Hampton	Endorsed By:	Paul West
Position:	Governance Coordinator	Position:	General Manager



Deed of Transfer

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**THIS DEED OF TRANSFER** is made on the ..... day of ..... 2016

Between **DEVONPORT CITY COUNCIL (ABN 47 611 446 016)** the principal office of which is situated at 44-48 Best Street Devonport in Tasmania ("Council");

And

**SIX RIVERS ABORIGINAL CORPORATION (ICN 1511/ABN 31 369 253 061)** of 26 Gilbert Street, Latrobe in Tasmania ("SRAC");

#### **BACKGROUND**

- A. SRAC (previously known as Mersey Leven Aboriginal Corporation) has previously operated the Tasmanian Aboriginal museum and cultural centre known as Tiagarra in Devonport ("Tiagarra").
- B. Tiagarra operated from premises consisting of two structures, and a covered walkway connecting those two structures, ("the Building") owned by Council that were constructed on land that comprises one title owned by the Crown ("the Crown Land") and also on part of a large parcel of land owned by Council ("the Council Land").
- C. Council leases the Crown Land from the Crown and previously sub-leased the Crown Land and leased a portion of the Council Land to SRAC when SRAC previously operated Tiagarra which lease has now been terminated.
- D. SRAC wishes to re-open Tiagarra and, to that end, Council has agreed to;
  - (a) enter into a new leasing arrangement with SRAC for the Crown Land and the Council Land; and
  - (b) transfer the Building and the Contents to SRAC for nil consideration.
- F. The purpose of this Deed is to record the terms and conditions upon which Council has agreed to transfer the Building and the Contents to SRAC.

Deed of Transfer

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## **OPERATIVE PART**

### **1 Definitions**

**1.1** Unless there is something in the subject or context inconsistent the following meanings apply in this Deed:

- (a) "Background" means the part of this Deed that follows that heading and is enumerated by letters rather than numbers;
- (b) "Building" means the two structures, and covered walkway connecting those two structures, situated on the Crown Land and the Council Land from which the business of Tiagarra was operated and is intended to be operated by SRAC being outlined in red on the plan annexed to this Deed and marked "A" for identification purposes, and includes any infrastructure leading to and from the structures through, on or over the Council Land or the Crown Land that facilitates the provision of services to the structures including, but not limiting to drainage, water, sewerage, gas, telephone and electricity services, insofar as that infrastructure is owned by Council;
- (c) "Contents" means the fittings, artefacts, artwork and chattels, as inspected, in the Building at the date of this Deed;
- (d) "Council" means the Devonport City Council (ABN 47 611 446 016), the principal office of which is situated at 44-48 Best Street Devonport in Tasmania;
- (e) "Council Land" means that part of the land owned by Council described in Folio of the Register Volume 248784 Folio 1 outlined in blue on the plan annexed to this Deed and marked "B";
- (f) "Crown Land" means the land owned by the Crown described as lot 5 on plan numbered CPR9308-2 annexed to this Deed and marked "C";
- (g) "Deed" means this Deed and all of the Background, parts, terms, clauses, schedules, annexures, tables or exhibits to it, as amended by the parties from time to time;
- (h) "Lease" means the attached lease by which Council agrees to lease the Council Land and sub-lease the Crown Land to SRAC;

Deed of Transfer

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- (i) "SRAC" means Six Rivers Aboriginal Corporation (ICN 1511) the registered office of which is situated at 26 Gilbert Street, Latrobe in Tasmania, and includes all of its Directors, officers, agents, employees and servants.

**2 Interpretation**

2.1 Unless there is something in the subject or context inconsistent the following provisions apply in this Deed:

- (a) any covenants implied by law (statutory or otherwise) are not negated but are deemed, to the extent of any inconsistency with the provisions of this Deed, to be modified (where modification is permitted);
- (b) where two (2) or more persons are named as a party to this Deed the terms, covenants, conditions, provisions, stipulations and restrictions contained in this Deed bind each of them jointly and severally and benefit each of them jointly and severally;
- (c) if any term, covenant, condition, provision, stipulation or restriction contained in this Deed is or becomes illegal or unenforceable, then this Deed must be read and construed as if that term, covenant, condition, provision, stipulation or restriction, as the case may be had been severed and the balance of this Deed remains in full force and effect;
- (d) a reference to any document or instrument (and, where applicable, to any of its provisions) is a reference to that document or instrument as amended, novated, supplemented or replaced from time to time;
- (e) a reference to a right includes a benefit, remedy, discretion, authority or power;
- (f) a reference to the whole of property or a thing includes part of that property or thing unless stated otherwise;
- (g) a reference to a statute, code or other law includes regulations and other instruments under it, and consolidations, amendments, re-enactments or replacements of any of them occurring at any time before or after the date of the Deed;
- (h) where any expression is defined, any other part of speech or grammatical form of that expression has a corresponding meaning;
- (i) where the word "including" is used, that use does not limit or exclude in any way unless the context requires otherwise;

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Deed of Transfer

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- (j) words importing the singular include the plural and vice versa;
- (k) words importing the masculine gender include the feminine and/or a corporation and vice versa;
- (l) words importing persons include a firm, a body corporate, an unincorporated association or an authority and vice versa;
- (m) headings are inserted for guidance only and are not deemed to form part of the provisions of this Deed and must not be used for the purpose of construction;
- (n) the first letters of words and expressions defined in this document are indicated by capital letters for convenience and the absence of a capital letter alone does not imply the word or phrase is used with a meaning different from that given by its definition;
- (o) a reference to "dollar" or "\$" is a reference to the lawful currency of Australia;
- (p) a reference to a time or date affecting the performance of an obligation by a party is a reference to the time and date in Tasmania, even though the obligation is to be or may be performed elsewhere;
- (q) where the day on or by which anything is to be done is a Saturday, a Sunday or a public holiday in the place in which that thing is to be done then that thing must be done on or by the next succeeding business day;
- (r) if a period of time is expressed to be calculated from or after a specified day, that day is not included in the period; and
- (s) a provision of this Deed must not be construed to the disadvantage of a party merely because that party was responsible for the preparation of this Deed or the inclusion of the provision in this Deed.

### **3 Acknowledgments**

#### **3.1 Accuracy of Background**

The parties acknowledge that the Background of this Deed sets out a true, accurate and complete representation of the commercial relationship between the parties and the circumstances surrounding the execution of this Deed.

Deed of Transfer

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### 3.2 General Acknowledgments

Each party separately acknowledges for the benefit of each other party that:

- (a) they have entered into this Deed after mature consideration, reflection, and exercise of independent judgment;
- (b) they have read and understood the provisions of this Deed and that the provisions are just, equitable, fair, reasonable and satisfactory to them;
- (c) they have entered into this Deed of their own free will and volition and that no coercion, force, or undue influence has been used in the execution of this Deed either by the other party or by any other person or persons;
- (d) they have either obtained independent legal advice, or are aware of their right to do so, and have chosen not to do so; and
- (e) they have not relied upon any representation or promise in entering into this Deed except for those expressly stated in this Deed.

## 4 Transfer of Building and Contents

### 4.1 Transfer

Council agrees to transfer the Building and the Contents to SRAC for nil consideration on the terms and conditions in this Deed.

### 4.2 Ownership

- (a) Council warrants that, at the date of this Deed:
  - (i) Council is the owner of the Building and the Contents and has the sole right to transfer ownership in the Building and the Contents notwithstanding that part of the Building is constructed on the Crown Land; and
  - (ii) the Building and the Contents are unencumbered.
- (b) Ownership of the Building and the Contents is transferred to SRAC on the confirmation of **clause 4.3**.

Deed of Transfer

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#### 4.3 Conditions Precedent

It is a condition precedent to the transfer referred to in **clause 4.2(b)** that the parties sign the attached lease by which Council agrees to lease the Council Land and sub-lease the Crown Land to SRAC (“the Lease”) within **14 days** from the date of this Deed.

#### 4.4 State of Repair and Condition

SRAC accepts the state of repair and condition of the Building and the Contents and the location and identification of the Building and Contents upon signing this Deed and must not make any requisition or claim against Council as to the state of repair and condition or the location or identification of the Building and the Contents.

#### 4.5 No Warranties or Representations

Council makes no warranties or representations regarding:

- (a) the state of repair and condition of the Building and the Contents;
- (b) the availability, or non-availability, of any services to the Building;
- (c) the suitability of the Building or the Contents for any purpose whatsoever;
- (d) the environmental state of the Building;
- (e) the structural integrity of the Building;
- (f) compliance of the Building with any local Council approval process, or lack thereof;
- (g) access to the Building, or lack thereof;
- (h) compliance the *Building Act 2000* or *Building Regulations 2004*, or lack thereof; and
- (i) restrictions on the use of the Building.

#### 4.6 Exclusion of Proprietary Interest in Land

SRAC expressly acknowledges that the transfer of the Building and the Contents contemplated by this Deed does not include any proprietary right, title or interest in the Council Land or the Crown Land and that the only interest that SRAC acquires over the land is an equitable interest, as tenant under the Lease, notwithstanding that

Deed of Transfer

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SRAC, as tenant, will own the improvements on the Council Land and the Crown Land.

**5 Costs**

**5.1 Legal Costs**

Each party must bear their own legal costs in relation to this Deed and this transaction.

**5.2 Duty**

- (a) Council agrees to pay SRAC's Duty liability incurred as a result of this Deed (if any).
- (b) SRAC must provide all information that the State Revenue Office requires in order to assess the Deed for the applicability of a Duty exemption on the basis of Section 53(n) of the *Duties Act 2001* (Charitable Purpose/Charitable Institution).
- (c) SRAC authorises Council to make a submission to the State Revenue Office to obtain the exemption referred to in **subclause (a)** and authorises Council and Council's Solicitor to correspond directly with the State Revenue Office in this regard.

**6 Consent to Sale**

**6.1** SRAC must not offer or agree to sell or transfer the Building and/or the Contents or any part of them to any person or entity (including a company, trust or charity) at any price or on any terms or conditions, without first obtaining written consent from Council to the sale as follows:

- (a) SRAC must notify Council of SRAC's intention to sell or transfer the Building and/or the Contents ("the Notification");
- (b) the Notification must be in writing and detail the terms and conditions of sale/transfer and the details of the potential purchaser;
- (c) within 30 days of Council receiving the Notification, Council may request any information Council deems relevant to the sale/transfer transaction from SRAC and SRAC must provide that information to Council within 14 days of Council's request for that information; and

## Deed of Transfer

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- (d) Council must advise SRAC in writing whether or not Council consents to the sale/transfer;
- (i) if Council makes no request pursuant to **clause 6.1(c)**, within 60 days of the date Council receives the Notification; or
- (ii) if Council makes a request for information pursuant to **clause 6.1(c)**, within 30 days of the date that Council receives the information requested pursuant to **clause 6.1(c)**.
- 6.2 Provided the purchaser/transferee has similar objects to SRAC and intends to use the Building and/or the Contents for similar purposes to SRAC, Council agrees not to unreasonably withhold consent to the sale/transfer.
- 6.3 Council may consent on conditions and SRAC expressly acknowledges that a condition that the purchaser/transferee enters into an arrangement with Council on similar terms to **clause 6** and **clause 7** of this Deed is a reasonable condition.
- 6.4 If Council does not otherwise provide its consent to the sale/transfer by SRAC then SRAC must not sell or transfer, or attempt to sell or transfer, the Building or the Contents or any part of them pursuant to the Notification, or otherwise, but SRAC is entitled to recommence the notification process at its discretion.
- 6.5 This **clause 6** does not merge on completion.
- 7 Reversion**
- 7.1 If any of the following events occur:
- (a) SRAC advises Council that SRAC no longer has the capacity to operate Tiagarra;
- (b) The Building and/or the Contents fall into disrepair in the sole opinion of Council;
- (c) SRAC breaches any of the essential terms of the Lease;
- (d) The Lease is validly terminated for any reason whatsoever;
- (e) Council deems SRAC to be trading while insolvent;
- (f) The process of winding up SRAC is commenced, whether by Court Order, voluntarily or otherwise;



## Deed of Transfer

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- (g) An application is made to deregister SRAC; or
  - (h) SRAC is in, or is determined to be in;
    - (i) Special administration;
    - (ii) Administration
    - (iii) Receivership; or
    - (iv) Liquidation; or

whether pursuant to the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (Cth), the *Corporations Act 2001* (Cth), or otherwise;

then ownership of the Building and the Contents reverts to Council immediately upon the happening of that event.

7.2 In lieu of ownership reverting to Council pursuant to **clause 7.1**, Council may, at Council's discretion, direct the transfer of ownership of the Building and the Contents to any entity that Council directs.

7.3 This **clause 7** does not merge on completion.

## 8 Dispute Resolution

8.1 If any dispute arises between the parties, over any right, obligation or other aspect of this Deed, prior to issuing any proceedings in any Court with appropriate jurisdiction, the parties agree to apply the following course of action in order to resolve the dispute:

- (a) commercial negotiations, undertaken in good faith, for a period of not less than thirty (30) days from the date of notice of the dispute; and, failing that,
- (b) mediation for a period of not less than a further thirty (30) days from completion of the time allowed under **clause 8.1(a)**.

8.2 If **clause 8.1** applies:

- (a) each party must bear its own costs of the dispute resolution process; and
- (b) the parties who are in dispute must share the costs of an independent third party mediator, equally.

## 9 General Provisions

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Deed of Transfer

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**9.1 Further Actions by Parties**

**9.2** Each of the parties to this Deed will sign and execute any further documents and do any deeds, acts and things as the other party reasonably requires for effecting the intention of the parties under this Deed. However, this obligation does not extend to incurring a liability:

- (a) to pay any money, or to provide any financial compensation, valuable consideration or any other incentive to or for the benefit of any person except for payment of any applicable fee for the lodgement or filing of any relevant application with any government agency, unless a provision of this Deed expressly requires otherwise; or
- (b) to commence any legal action against any person, to procure that the thing is done or happens.

**9.3 Entire Deed**

This Deed constitutes the entire agreement between the parties about the subject matter of this Deed. It supersedes and extinguishes all prior agreements, understandings, representations, warranties or covenants previously given or made between the parties about the subject matter.

**9.4 Counterparts**

This Deed may be executed by the parties in two or more counterparts, each of which is deemed to be an original, but all of which together constitute one and the same instrument. The parties must execute and exchange original signed counterparts of this Deed unless there is a specific provision in the Deed that permits the exchange of counterparts by facsimile or scanned email copy.

**9.5 Amendments**

This Deed must not be amended, modified or supplemented except by a written instrument signed on behalf of the respective parties.

**9.6 Performance of Obligations**

Any clause, covenant or condition in this Deed that requires a party to do something after completion does not merge on completion and that party is obliged to perform the obligation within the time allowed for doing so. A failure to perform an obligation of this nature is a breach of the Deed retrospectively and gives rise to a

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Deed of Transfer

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claim for injury, loss and damage to the party with the benefit of the performance of the obligation.

**9.7 Indemnities**

Where any party to this Deed gives an indemnity of any description to any other party to this Deed, that indemnity is intended to survive, and does not merge on, the completion of this Deed.

**9.8 Waiver and Variation**

A provision of or a right created under this Deed may not be:

- (a) waived except in writing, signed by the party with the benefit of that provision or right; or
- (b) varied except in writing signed by the Parties.

**9.9 Effect of Waiver and Variation**

No waiver by any party of any default in the strict and literal performance or compliance with any other provision, condition or requirement of this Deed is deemed to be a waiver of the strict and literal performance of or compliance with any other provision, condition or requirement in this Deed nor be a waiver of or in any manner release any other party from strict compliance with any provision, condition or requirement in the future nor will any delay or omission of any party to exercise any right under this Deed in any manner impair the exercise of any right accruing to it after completion.

**9.10 Performance**

The obligations of the parties under this Deed are subject to the express condition that whenever a party is required to perform or do any act or thing, the performance of that obligation is not required if it is rendered reasonably or practically impossible by reason of any riot, civil commotion, strike, lockout, act of God, act of the public enemy, priority, allocation, rationing or the regulation or prohibition of the use of any material, heat, fuel, hours of work or award, of the party.

**9.11 Warranty of Capacity**

Each party warrants and represents to the other parties that the signing or performance under this Deed does not conflict with or result in a breach of its

Deed of Transfer

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constitution, any writ, order, judgment, law, rule or regulation which is binding upon the party.

**9.12 Warranty as to Reliance**

Each party warrants to the other parties that they have not relied on any material in entering into this Deed that is not set out in this Deed.

**9.13 Costs of Enforcement**

Where any party is entitled to take enforcement or recovery action against another party, that party is entitled to recover its fees, costs and expense of and incidental to the enforcement action from the other party.

**9.14 Jurisdiction**

This Deed is governed by and construed in accordance with the law of Tasmania and the Commonwealth of Australia and each of the parties submit to the jurisdiction of the Courts of the State of Tasmania and the Courts of the Commonwealth of Australia.

Deed of Transfer

**EXECUTED by the Parties as a Deed:**

THE COMMON SEAL of the  
**DEVONPORT CITY COUNCIL**

was affixed on the      day of  
   2016

In the presence of:

\_\_\_\_\_  
General Manager

\_\_\_\_\_  
Mayor

Executed by **SIX RIVERS ABORIGINAL CORPORATION (ICN 1511)**  
in accordance with section 99-5(1) of the  
*Corporations (Aboriginal and Torres Strait  
Islander) Act 2006 (Cth)*



MERVYN GOWER  
Name: \_\_\_\_\_  
Director \_\_\_\_\_

DAVID GOUGH  
Name: \_\_\_\_\_  
Director \_\_\_\_\_

Deed of Transfer

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**Annexure "A"**



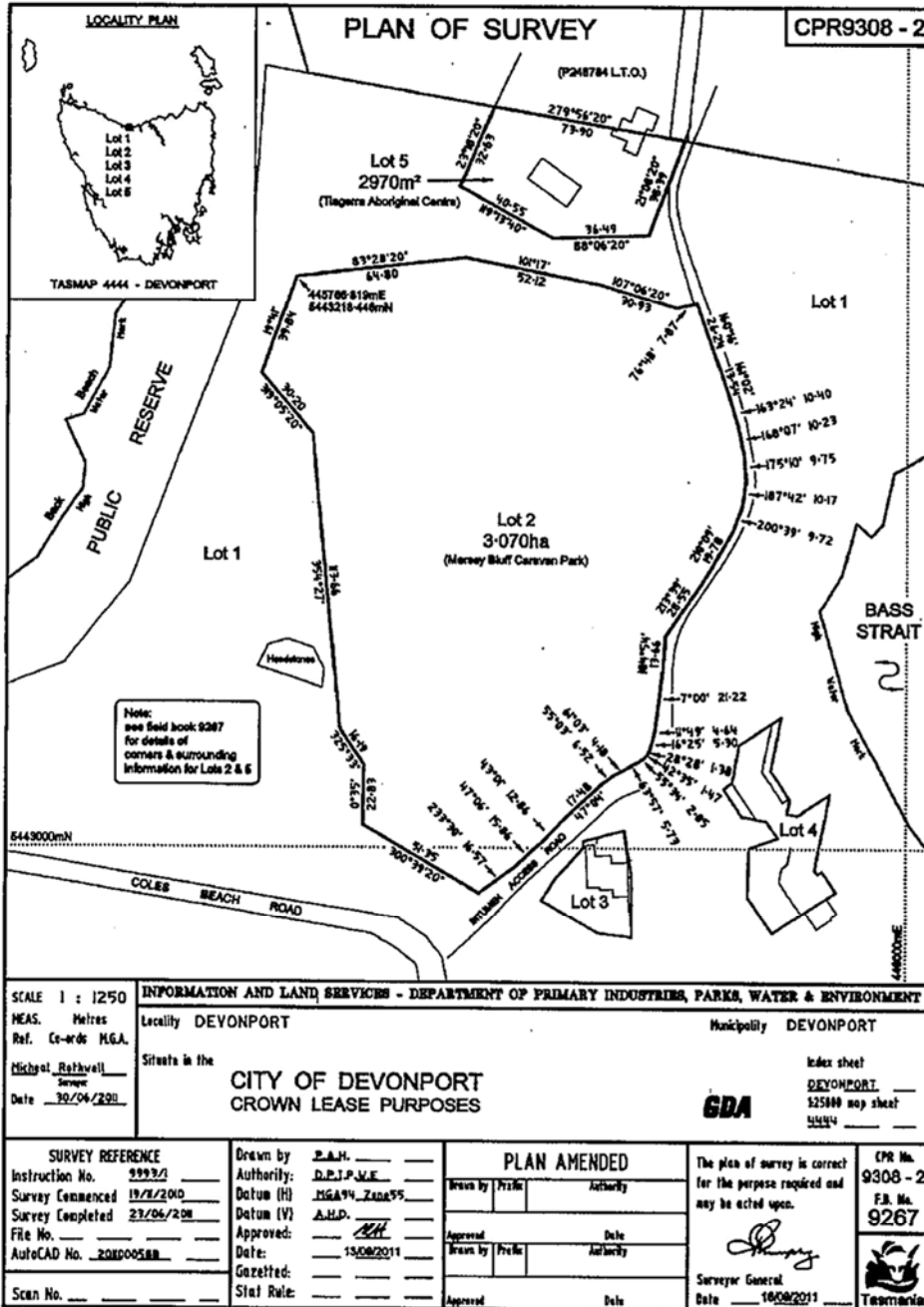
Deed of Transfer

Annexure "B"



Deed of Transfer

Annexure "C"





DATED \_\_\_\_\_ 2016

Between

DEVONPORT CITY COUNCIL

And

SIX RIVERS ABORIGINAL CORPORATION

DEED OF TRANSFER

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LEVIS STACE & COOPER

*a division of Rae & Partners*

13 Fenton Street  
Devonport, Tasmania 7310

Fax: (03) 6424 8883

Phone: (03) 6424 0333

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**BY THIS INDENTURE OF LEASE** made the                      day of                      2016

**BETWEEN**

1     **DEVONPORT CITY COUNCIL** (ABN 47 611 446 016) the principal office of which is situated at 44-48 Best Street Devonport in Tasmania ("the Landlord", which term, where the context permits, includes the Landlord's successors, administrators and assigns and the Landlord's agent)

**AND**

2     **SIX RIVERS ABORIGINAL CORPORATION** (ICN 1511/ABN 31 369 253 061) of 26 Gilbert Street, Latrobe in Tasmania ("the Tenant", which term, where the context permits, includes the Tenant's successors administrators and permitted assigns)

**BACKGROUND**

- A.    The Tenant owns the building described by the words "MUSEUM", "COVERED WALKWAY" and "TIAGARRA" on the plan annexed and marked "A" ("the Building") and intends to operate the business known as "Tiagarra" from the Building and the premises described in the Schedule.
- B.    The Building is situated on land owned by the Crown and also on part of a large parcel of land owned by the Landlord.
- C.    By this Lease, the Landlord agrees to:
  - (i)     lease to the Tenant that part of the Landlord's land described as the Landlord's Premises in the Schedule; and
  - (ii)    sub-lease to the Tenant the land owned by the Crown and described as the Landlord's Leased Premises in the Schedule.

**OPERATIVE PART**

It is witnessed that the Landlord grants, and the Tenant accepts, a lease in the following terms:

1.    **THE LEASE**

**Premises Leased**

1.1    The Landlord lets and sub-lets and the Tenant takes the premises described as the Landlord's Premises and the Landlord's Leased Premises as defined collectively as the premises in the Schedule ("the premises", which term, where the context permits, includes any part of the premises).



Landlord (or the occupiers of that adjoining property) with all necessary workmen and appliances at all reasonable times to enter the premises to execute repairs or alterations on that adjoining property, but the Landlord must make good all damage (including loss caused by disruption) occasioned to the Tenant by such entry.

#### Fencing

- 2.7 Not without the Landlord's prior written consent (which consent, if granted, may be made subject to conditions which the Tenant must adhere to) to fence off, enclose or otherwise deny access to the public to any part of the exterior of the premises which are not at this day so fenced off or enclosed;

#### Insurance of Premises

- 2.8 To insure the premises, any stock and contents and all structures on the premises (including the plate glass, if any) against fire, storm, tempest, flood, earthquake, explosion and other usual risks and keep them insured for their full insurable replacement value.

#### Public Risk Insurance

- 2.9 to insure against public risk for 20 million dollars at least, or an increased sum if the Landlord reasonably determines and notifies to the Tenant in writing, to cover all matters normally covered by public risk insurance policies, including cover against damage caused to the premises by the Tenant's workmen, invitees, licensees, agents and employees.

#### Insurance Policies

- 2.10 In respect of all insurance policies which the Tenant is required to maintain, to:
- (a) insure in the name of the parties noting the interest of the Landlord, and the interest of the Crown as principal in respect of insurance relating to the Landlord's Leased Premises by use of the words "the Crown in Right of Tasmania", and such other persons as the Landlord reasonably requires for their respective interests; and
  - (b) produce either a certificate as to currency or the policies and receipt for premia to the Landlord within seven days of the Landlord's written notice to that effect to the Tenant.

#### Outgoings

- 2.11 To pay all charges in respect of electricity, telephone, licences, gas, excess water and all other outgoings.

#### Inspection

- 2.12 To permit the Landlord, with or without workmen and others, at all reasonable times to enter and inspect the condition of the premises and all structures on the premises.
- 2.13 To permit the Minister administering the *Crown Lands Act 1976* (Tas), as head-lessee of

that part of the premises comprising the Landlord's Leased Premises as defined in the Schedule, with or without workmen and others, at all reasonable times to enter and inspect the condition of the premises.

#### Repairs

- 2.14 So far as the Tenant is liable to do so, without delay to do all repairs and works ("the repairs") which the Lease requires the Tenant to do and which the Landlord by written notice requires to be done. If within fourteen days after receipt of such notice the Tenant does not proceed diligently with the repairs the Landlord may enter the premises and do the repairs at the Tenants cost.

#### Restriction to Permitted Use

- 2.15 Not without the Landlords prior written consent (which consent must not be unreasonably withheld and may be made subject to the compliance by the Tenant with any reasonable condition), to carry on in or on the premises any trade, business or profession other than that of a museum and tourist attraction based on the history and culture of the Tasmanian aborigine with the associated sale of souvenirs related to the museum and the Devonport area ("the permitted use", which term includes any use to which the Landlord has consented and the Tenant has complied with all conditions to such consent).

#### Conduct of Permitted Use

- 2.16 Subject to any Statute, Regulation, By-law, or Planning Scheme to the contrary:-
- (a) to keep the premises open for the purposes of the permitted use during all normal hours of business for businesses of a similar nature in the locality;
  - (b) to use the Tenants best endeavours to develop, extend and improve the present business conducted on the premises; and
  - (c) not to do anything to injure the connection or goodwill of such business.

#### Unsafe Substances

- 2.17 Not to keep any explosive or combustible substances on the premises or in any structures on the premises.
- 2.18 Not use, or permit to be used, or stored on the premises or in any structures on the premises, any radioactive, toxic or hazardous chemicals, wastes or substances, except in concentrations and quantities;
- (a) permitted by the relevant statutory authorities; and
  - (b) in accordance with any licences, permits or authorisations required by law; and
  - (c) in accordance with the conditions imposed by the relevant statutory authorities or under their permission.
- 2.19 To control and restrict the emission of smoke, dust or odours from the premises in

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Page 5

accordance with the applicable legislation, regulations and the requirements of statutory authorities.

- 2.20 To comply with all demands, notices and requirements of the regulatory authorities in respect of contamination of the premises, caused by the Tenant or by occupiers of the premises.
- 2.21 To notify the Landlord within seven (7) days after receiving any demand or notice from a regulatory authority about contamination of the premises.

Other restrictions

- 2.22 Except as otherwise expressly permitted by this Lease (or any prior written consent of the Landlord), not to do any act, matter or thing in or on the premises which may:
- (a) be (or become) a nuisance, annoyance or damage to the Landlord or the occupiers of other property in the neighbourhood; or
  - (b) cause any of the insurance policies required by this Lease to be rendered void (or voidable) or a higher premium to be paid with respect to such policies.

Alterations, Additions, etc

- 2.23 Not (except as required by the next clause or otherwise without the Landlord's prior written consent which consent must not be unreasonably refused and which may be made subject to any condition) to:
- (a) erect or make any alterations in (or additions to) the construction or arrangement of the premises; or
  - (b) alter or injure any of the walls, ceilings, timbers or floors of the premises.

Compliance with Statutes etc

- 2.24 To comply with all the requirements of all Statutes, Regulations, Planning Schemes, Licences and By-laws in relation to the Tenant's use of the premises and not to do any act, matter or thing which may become a breach of any Statute, Regulation, Planning Scheme, Licence or By-law.

Assignment etc

2.25

- (a) Not to mortgage, charge, assign, underlet or part with the possession of the premises (or declare a trust with respect to the Tenant's interest in the premises) without the Landlord's prior written consent and compliance with any reasonable conditions imposed by the Landlord on such consent, which consent may be withheld without the Landlord providing any reason;
- (b) For the purposes of subclause (a) the Tenant will be deemed to have assigned the premises if:
  - (i) being a company (other than a company with its shares listed on any stock exchange in Australia) any shares in it are transferred or

allotted (or the voting or other rights attached to any shares in it are changed) so as to effectively change the beneficial ownership and control of the Tenant;

- (ii) being a Trustee, any of the following occur:
- A its trust deed is altered, amended, varied or revoked in any manner which affects the beneficial entitlement to this Lease;
  - B the Tenant retires or is removed as Trustee of the trust;
  - C a new or additional trustee is appointed as Trustee of the trust;
  - D the Trustee's rights to indemnity from the trust assets are removed or diminished; or
  - E the trust, or any part of it relating to the Lease or the premises is wound up or resolved to be wound up.

#### Signs

2.26 Not to:

- (a) use the outer walls of any structures on the premises for the purposes of any public announcement; or
- (b) exhibit any signboard or fascia other than indicating or displaying the usual trade name of the Tenant and the nature of the Tenant's business and advertising the wares of the business or lettering or signs of a form and character approved by the Landlord which consent must not be unreasonably refused.

#### Arrears to carry Interest

2.27 If any payments due by the Tenant to the Landlord are seven days or more in arrears (without prejudice to any other rights which the Landlord may have) to pay to the Landlord interest on all moneys due under this Lease by the Tenant to the Landlord at the rate equal to the highest rate of interest charged from time to time by the Landlord's bank on overdraft loans of less than one hundred thousand dollars from the date on which such moneys are due and payable until the date of payment.

#### Consents

2.28

- (a) To give to the Landlord all information which the Landlord reasonably requires before granting or refusing any consent which the Tenant seeks, or is required by this Lease or otherwise to obtain, from the Landlord.
- (b) To pay all legal costs and other expenses reasonably incurred by the Landlord in making all reasonable enquiries and granting or refusing consent (including

consent to assignment).

- (c) To comply with all conditions imposed by the Landlord in any such consent.

Not to Permit Defaults

2.29 Not to allow, permit or suffer to be done any act, matter or thing which the Tenant has agreed in this Lease not to do.

Indemnity

2.30 To indemnify and keep indemnified the Landlord from and against all:

- (a) loss or damage to the premises or any property or articles on or in the premises caused by the negligence of the Tenant or any employee, agent, contractor, customer or visitor of the Tenant and (without limiting this indemnity) in particular by the negligent or careless misuse, waste or abuse of water or electricity;
- (b) damages, moneys, costs, charges, expenses, actions, claims and demands which may be sustained, suffered, recovered or made against the Landlord or against the Crown for any injury sustained by or any death of any person when using, entering or being near the premises where such injury arises as the result of the negligence (including but not limiting to acts or omissions) of, or the creation of some dangerous thing or state of affairs by, the Tenant or any employee, agent, contractor, customer or visitor of the Tenant and whether or not the existence of such dangerous thing or state of affairs was known or ought to have been known to the Landlord; and
- (c) costs, claims or demands which may arise by reason of any breach by the Tenant of any of the Tenants agreements.

Prior to Termination

2.31 If the Tenant has not previously exercised any option for extension of this Lease, during the last three calendar months of the term to permit:

- (a) the Landlord to fix on the premises a notice for reletting the premises; and
- (b) persons with the Landlord's written consent to inspect the premises during reasonable hours of the day.

On Termination

2.32 At the expiration or earlier termination of the term or any extended term to peaceably surrender and yield up to the Landlord the premises together with any additions to the premises in the same state of repair and condition as the Tenant is liable to maintain the premises under the provisions of this Lease



Costs on Default or Request

- 2.33 To pay all moneys, costs (including charges for legal advice or assistance), charges and expenses which the Landlord may pay, incur or expend:
- (a) in consequence of any default (or threatened default) in the performance or observance of any agreements contained in this Lease and to be performed or observed by the Tenant;
  - (b) in the exercise or enforcement of any power or authority contained in this Lease; or
  - (c) in consequence of any request by the Tenant under any provision of this Lease immediately the Landlord demands the same.

3. LANDLORDS AGREEMENTS

THE LANDLORD agrees with the Tenant:

Peaceful Enjoyment

- 3.1 If the Tenant pays the rent and performs and observes the agreements to be performed and observed by the Tenant, the Tenant must peaceably hold and enjoy the premises during the term without any lawful interruption or disturbance from (or by) the Landlord (or any person rightfully claiming through, under, or in trust for, the Landlord).

Removal of Tenant's Fixtures

3.2

- (a) During or at the end of the term, to permit the Tenant:
  - (i) to remove and take away from the premises for the Tenants own use and benefit (provided that the Tenant repairs any damage to the premises caused by such removal) the fixtures, articles and things which the Tenant now has (or at any time during the term attaches, places or sets up) in or on the premises and whether or not falling within the legal category of trade or Tenant's fixtures; or
  - (ii) to sell all or any of such fixtures, articles and things to any succeeding or incoming tenant.
- (b) If the Tenant continues to occupy the premises (with the Landlord's consent) after the term or any extended term, to permit the Tenant to exercise the Tenants rights under subclause (a) until:
  - (i) the Tenant ceases to occupy the premises; or
  - (ii) the Landlord requires the Tenant to vacate the premises whichever is the earlier.

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Page 9

Consent to Sub-Lease

3.3 The Landlord warrants and represents to the Tenant that the Landlord has secured the consent of the Crown to sub-lease the Landlord's Leased Premises to the Tenant.

Local Government Process

3.4 The parties acknowledge that part of the premises is on the register of Public Land maintained by the Landlord in the Landlord's capacity as local Council, and in that capacity the Landlord warrants that the Landlord has completed the process required in section 178 of the *Local Government Act 1993* (Tas) ("the Act") and that no appeal was lodged pursuant to section 178A of the Act.

4. MUTUAL AGREEMENTSIT IS MUTUALLY AGREED:Essential Terms

4.1

- (a) Each of the following agreements by the Tenant are essential terms of this Lease:
- (i) Clause 2.2 (Rates and Land Tax);
  - (ii) Clause 2.5 (Premises Maintenance);
  - (iii) Clause 2.8 (Insurance);
  - (iv) Clause 2.9 (Public Risk Insurance);
  - (v) Clause 2.15 (Restrictions to Permitted Use);
  - (vi) Clause 2.16 (Conduct of Permitted Use);
  - (vii) Clause 2.24 (Compliance with Statutes etc);
  - (viii) Clause 2.25 (Assignment etc); and
  - (ix) Clause 2.33 (Costs on Default or Request).
- (b) The Tenant agrees to compensate the Landlord in respect of any breach of an essential term of this Lease and the Landlord is entitled to recover damages from the Tenant in respect of such breaches. The Landlord's entitlement under this clause is in addition to any other remedy or entitlement to which the Landlord is entitled (including to terminate this Lease).

Default

4.2 If, and whenever, the Tenant:

- (a) assigns, underlets or parts with the possession of the premises except as permitted by this Lease;
- (b) fails or neglects to perform or observe any of the provisions of this Lease;
- (c) suffers any execution to be levied against the goods or property on the premises;

- (d) commits any act of bankruptcy;
  - (e) if the Tenant is a corporation, enters into administration or liquidation voluntarily or otherwise (except for the purposes of amalgamation or reconstruction); or
  - (f) a receiver is appointed of all or any of the Tenants property
- then it will be lawful for the Landlord (or the Landlord's agent) to enter on the premises (or any part of the premises in the name of the whole) and the Tenants tenancy will then absolutely terminate, but without prejudice to any right of action or remedy of the Landlord in respect of any breach of any of the terms of this Lease.

#### Damages on Default

#### 4.3

- (a) If the Tenant's conduct (whether acts or omissions) constitutes:
  - (i) a repudiation of this Lease (or of the Tenant's obligations under this Lease); or
  - (ii) a breach of any provision of this Lease, the Tenant agrees to compensate the Landlord for the loss or damage suffered by reason of the repudiation or breach.
- (b) The Landlord may recover damages against the Tenant in respect of repudiation or breach of agreement for the damage suffered by the Landlord during the entire term of this Lease.
- (c) The Landlord's entitlement to recover damages will not be affected or limited if:
  - (i) the Tenant abandons or vacates the premises;
  - (ii) the Landlord elects to re-enter or terminate this Lease;
  - (iii) the Landlord accepts the Tenant's repudiation; or
  - (iv) the parties' conduct constitutes a surrender by operation of law.
- (d) The Landlord may institute legal proceedings claiming damages against the Tenant in respect of the entire term, including the periods before and after:
  - (i) the Tenant has vacated the premises; and
  - (ii) the abandonment, termination, repudiation, acceptance of repudiation or surrender by operation of law referred to in subclause (c)

whether the proceedings are instituted either before or after such conduct.
- (e) If the Tenant vacates the premises (with or without the Landlord's consent):
  - (i) the Landlord must take reasonable steps to mitigate the damage and to endeavour to lease the premises at a reasonable rent and on reasonable terms;
  - (ii) the Landlord's entitlement to damages is assessed on the basis that

Levis Stace &amp; Cooper

Page 11

- the Landlord should have observed the obligation to mitigate damages contained in this subclause; and
- (iii) the Landlord's conduct taken in pursuance of this does not by itself constitute acceptance of the Tenant's breach or repudiation or a surrender by operation of law.

Non Waiver

4.4 Any:

- (a) time or other indulgence granted by the Landlord to the Tenant;
- (b) failure of the Landlord to exercise in any respect any rights provided by this Lease; or
- (c) acceptance by the Landlord of any rent payment
- is not deemed to be a waiver of any such rights.

Destruction of Premises

4.5

- (a) If the premises are damaged by any event against which the premises are insured, the party receiving the insurance moneys must promptly expend the same in making good the damage.
- (b) If:
- (i) the premises are destroyed or rendered unfit for the permitted use by some cause not occasioned by the wilful default of the Tenant; and
- (ii) the insurance policy on the premises has not been vitiated or payment of the policy moneys refused in consequence of some act or default of the Tenant
- the rent and any other payments due by the Tenant to the Landlord pursuant to this Lease (or a fair and just proportion of them according to the nature or extent of the injuries sustained) must be suspended until the premises are rendered fit for occupation for the permitted use (including any reasonably required fitting out period).
- (c) Despite the provisions of subclause (b) if, the premises are damaged to the extent that the premises cannot be rendered fit for occupation for the permitted use in at least as good a manner as the premises were immediately prior to such damage within 90 days of the damage occurring the Landlord may give notice to the Tenant within 14 days of the damage occurring terminating this Lease on the expiration of 14 days from the date of that notice.
- (d) Any dispute with respect to this clause must be referred to arbitration.

No Representations

4.6

- (a) The Tenant acknowledges that no promise, representation, warranty or undertaking (other than any specifically set forth in this Lease) has been given by (or on behalf of) the Landlord or relied on by the Tenant in respect of the:
- (i) suitability of the premises for any purpose (including the permitted use); or
  - (ii) fittings, finish, facilities and amenities of the premises and all warranties (if any) implied by law are (as far as is legally possible) expressly negated.
- (b) This Lease embodies the entire understanding and the whole agreement between the parties.

Council Provisions

4.7 Nothing in this Lease affects the powers and duties of the Landlord in its capacity as the Municipal Council and it is expressly agreed that in the exercise of those powers and duties the Landlord must, in its capacity as a Municipal Council, act unfettered by this Lease.

Arbitration

4.8 Any dispute arising in respect of this Lease may be referred to arbitration. Where this Lease provides that any dispute must be referred to arbitration (or if pursuant to subclause (a) a dispute is referred to arbitration) the dispute must be referred to the award of a single arbitrator if the parties can agree on one (and otherwise to two arbitrators one to be appointed by each party) in accordance with the provisions of the Commercial Arbitration Act 1986.

Holding Over

4.9 If the Landlord permits the Tenant to continue in occupation of the premises after the term (or any extended term), the Tenant continues to occupy the premises as a tenant from month to month, but otherwise on the same terms as are set out in this Lease.

GST

4.10

- (a) In this clause "GST" refers to the goods and services tax under *A New Tax System (Goods and Services) Act 1999* (GST Act) and the terms used have the meanings as defined in the GST Act.
- (b) All amounts agreed to be paid by the Tenant to the Landlord, being the consideration for the supply expressed in this Lease, are exclusive of GST unless stated, calculated or determined to the contrary.
- (c) As to any liability incurred by the Landlord for GST under this Lease,

including for rent, rates, land tax and any other outgoings, or any consideration for any other taxable supply as the case may be, the Tenant will pay to the Landlord, an additional amount equal to the GST liability so incurred by the Landlord.

- (d) This additional sum is to be paid together with the payment to which it relates and at the same time as any payment is made involving the Landlord in GST liability:
- (i) The Tenant's liability under subclause (c) is to reimburse the full amount of GST, disregarding and excluding the Landlord's entitlement to input tax credits or other credits or reimbursements for GST.
  - (ii) Despite subclause (d), if the Landlord is entitled to an input tax credit in relation to any amount recoverable from the Tenant under subclause (c) the amount payable to the Landlord is to be reduced by the amount of the input tax credit that the Landlord has received or claims and is entitled to receive.
  - (iii) As to each payment by the Tenant under subclause (c), the Landlord will deliver to the Tenant, as required under the GST Act and Regulations, a Tax Invoice to enable the Tenant to claim an input tax credit for the GST so paid in respect of the taxable supply.

Building Act 2000 Obligations

4.11

- (a) Despite any provisions in this Lease which may provide or suggest otherwise the parties agree that in respect of the obligations contained in the *Building Act 2000*, the *Building Regulations 2004* and *Plumbing Regulations 2004* made under that Act, as amended from time to time ("the Legislation") relating to the essential safety and health features ("the features") of the premises or any structure on the premises and any essential safety and health measures ("the measures") necessary to ensure the safety of persons using the premises or any structures on the premises the following provisions will apply.
- (b) The Tenant will, including on behalf of the Landlord, and as prescribed by the Legislation:
  - (i) maintain in good order and repair any features installed on the premises or on or in any structures on the premises; and
  - (ii) maintain any measures relevant to the premises or relevant to any

- structures on or in the premises  
to the standard required by the Legislation.
- (c) In relation to the Tenant's obligations referred to in sub-clause (b) above, the Tenant will, at the Tenant's entire cost:
- (i) arrange for the assessments required by the Building Regulations and procure the Form 56 Annual Maintenance Statement by the anniversary date of the initial Maintenance Statement;
  - (ii) display the Occupancy Permit (if applicable) and the appropriate Maintenance Statements near the main public entry of the premises or the structures on the premises in accordance with the Legislation;
  - (iii) comply with all assessments, notices, requisitions and orders relating to the premises or any structures on the premises;
  - (iv) keep all records that relate to the maintenance of the essential safety and health features and measures retaining one copy in a safe place on site and, within 30 days of the Annual Maintenance Statement anniversary, provide a duplicate copy to the Landlord for storage in a safe place off site if required by the Landlord; and
  - (v) despite the obligations referred in sub-clause (iv), above, provide the Landlord with a copy of any notice, requisition or order issued under the Legislation within 7 days of receipt.
- (f) In the performance of the Tenant's obligation in sub-clauses (b) and (c) above the Tenant will comply with all reasonable directions from the Landlord in ensuring compliance with the obligations under the Legislation.
- (g) If the Tenant fails to comply with any of the Tenant's obligations contained in sub-clauses (b) and (c) above, then:
- (i) the Landlord may take all reasonable steps to cause compliance with those obligations including the right, if necessary, to enter onto the premises and the structures on the premises with such agents, servants and contractors as may be required on giving reasonable notice to the Tenant and any costs incurred by the Landlord in relation to this action is to become a debt due to the Landlord by the Tenant and is to be recoverable by action;

- (ii) the Tenant will indemnify and keep the Landlord indemnified against any penalty suffered by the Landlord as a result of the Tenant's non-compliance with those obligations; and
- (iii) the Landlord may recover any costs, penalties or damages suffered (including the costs of any legal proceedings) arising from the Tenant's failure to comply with the provisions of sub-clauses (b) and (c) above.

Lease Negotiations

4.12 In acknowledgement of the fact that the Tenant owns the building on the premises, the parties agree to use their reasonable endeavours to negotiate a further lease of the premises at the expiry of the term, subject to any approval or process required by local government legislation or similar.

5. NOTICES AND INTERPRETATIONNotices

- 5.1 Any notice to be given under this Lease will be sufficiently given:
- (a) if signed by:
    - (i) the party giving it;
    - (ii) the solicitor of the party giving it; or
    - (iii) any other person authorised to do so by the party giving it.
  - (b) if given by the Landlord, is addressed to the Tenant and:
    - (i) left with a person apparently in the employ of the Tenant on the premises;
    - (ii) posted to the Tenant at the premises;
    - (iii) posted to the Tenant at such address as the Tenant from time to time advises the Landlord in writing is the Tenant's address for the purposes of this clause; or
    - (iv) posted to the solicitor for the time being of the Tenant.
  - (c) if given by the Tenant, is addressed to the Landlord, and:
    - (i) posted to the Landlord's address shown in this Lease or such other address as the Landlord from time to time addresses the Tenant in writing is the Landlord's address for the purpose of this clause;
    - (ii) posted to the solicitor for the time being of the Landlord; or
    - (iii) left at or posted to the address of the agent (if any) appointed by the Landlord for the collection of the rent.

A notice sent by post is deemed to be given at the time when in due course of post it would be delivered at the address to which it is sent.



Faxed Notices

- 5.2 A party may give written notice to the other by facsimile transmission ("fax") if that:
- (a) fax is signed by or on behalf of the party giving the notice in the manner required by the preceding clause; and
  - (b) is transmitted to such fax number as the receiving party has from time to time by written notice specified as the receiving party's fax number for the purposes of this clause or, if no such fax number has been specified, the fax number (if any) shown from time to time on the receiving parties normal letterhead.

A notice given by fax is deemed to be given at the time when the transmitting fax machine prints or displays confirmation of the receipt of the notice by the receiving fax machine. If such time is not during the hours of 9.00 am to 5.30 pm Monday to Friday or is during a public holiday, the notice is deemed to have been given at 9.00 am on the following day which is not a Saturday, Sunday or public holiday.

Interpretation

## 5.3

- (a) In this Lease where the context permits:
  - (i) "agree" includes covenants and "agreements", includes covenants, terms and conditions;
  - (ii) "this Lease" includes any extension of this Lease;
  - (iii) a reference to "rent" includes a reference to the reviewed rent or the new rent as the case may be;
  - (iv) a reference to a Planning Scheme includes a reference to an Interim Order or any similar planning control and any conditions of approval imposed under such a Scheme, Order or other planning control;
  - (v) words importing the singular include the plural and vice versa;
  - (vi) any gender means and includes all other genders; and
  - (vii) where any party is more than one person the terms of this Lease on that party's behalf is joint and several.
- (b) The headings and index are for ease of reference only and do not affect the interpretation of this Lease.



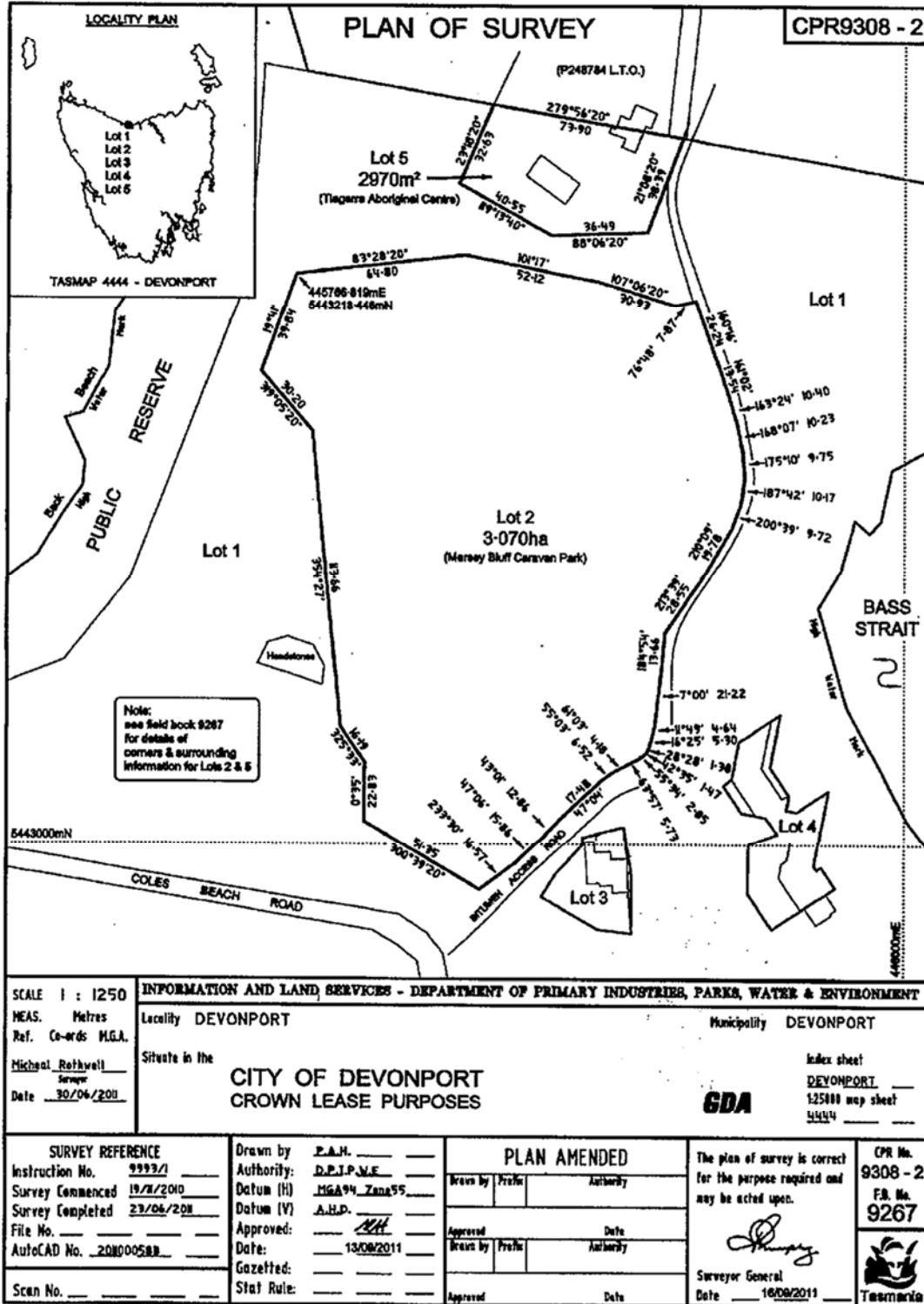
Annexure "A"



TIAGARRA SITE PLAN  
SCALE 1: 500  
DATE: MAY 1993



Annexure "B"



DATED

2016

Between

DEVONPORT CITY COUNCIL

And

SIX RIVERS ABORIGINAL CORPORATION

LEASE

---

LEVIS STACE & COOPER

*a division of Rae & Partners*

13 Fenton Street  
Devonport, Tasmania 7310  
Fax: (03) 6424 8883  
Phone: (03) 6424 0333

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## 4.5 DIGITAL DEVONPORT: DEVONPORT CITY DIGITAL STRATEGY 2017-2021

File: 32558 D438178

### RELEVANCE TO COUNCIL'S PLANS & POLICIES

Council's Strategic Plan 2009-2030:

Strategy 5.8.1 Provide efficient, effective and secure information management services that support Council's operations

### SUMMARY

To present the draft Devonport City Digital Strategy 2017-2021 to Council for endorsement for public consultation.

### BACKGROUND

*Digital Devonport* intends to provide a clear direction for how to utilise smart and emerging technology to achieve community goals. It aims to reflect the physical, community and economic factors that determine the digital needs, expectations and priorities of the community.

The Strategy is being developed to ensure Devonport residents, businesses and Council can meet, adapt to and capitalise on the rapid changes in digital technology. It is recognised that Devonport faces low levels of digital literacy and many residents experience challenges in accessing digital information and communication technologies. The forthcoming roll out of the National Broadband Network provides an impetus to act on this challenge, amongst many others, which the Strategy aims to address through a range of prioritised initiatives.

### STATUTORY REQUIREMENTS

Section 20 of the *Local Government Act 1993* states:

- (1) *In addition to any functions of a council in this or any other Act, a council has the following functions:*
- (a) *to provide for the health, safety and welfare of the community;*
  - (b) *to represent and promote the interests of the community;*

The Strategy provides direction for these functions of Council.

### DISCUSSION

The aim of Digital Devonport over the next five years is to:

*Together, enhance the capacity of residents, community organisations, business and government to build a strong, thriving and connected community enabled by the innovative use of emerging digital technology.*

It is envisioned that this will be achieved by undertaking a number of actions grouped under three key focus areas:

1. A Vibrant Economy
2. An Empowered, Engaged and Connected Community
3. Innovative Local Governance

Key challenges, desired outcomes and suggested actions have been developed from a combination of community and Council staff feedback, current and future digital trends

and policy frameworks. The attached Strategy document includes a detailed action plan.

### **Strategic Focus 1. A Vibrant Economy**

This includes strategies and projects that focus on better use of emerging technologies to foster opportunities and growth for business operating and investing in Devonport, whilst improving the consumer and visitor experience.

#### **Key Challenges:**

- Regional demographic profile characterised by small population (and corresponding small business sector), low income earners and high proportion of older residents creates different spending patterns
- High unemployment
- High number of small businesses with tight resources to engage in the digital economy
- Market forces creating competition from digital business worldwide (increase in on-line shopping, social media advertising etc)

#### **Desired Outcomes:**

- Greater business engagement with digital technology
- Improved marketing of the City
- Enriching the Devonport experience for consumers and visitors

#### **Actions include:**

- Create digital resources and services that benefit the retail, tourism and hospitality sectors
- Establish an online directory/shopfront of local businesses
- Facilitate capacity building programs for Devonport business
- Establish an ongoing program of business and technology mentoring
- Enhance visitor experience
- Encourage digital skill placements for students in local businesses
- Investigate the need to create a virtual and/or physical space that provides opportunities and support for digital business start-ups

### **Strategic Focus 2. An Empowered, Engaged and Connected Community**

These initiatives aim to improve quality of life and social inclusion; encourage greater connections and partnerships between residents, community organisations, business and government; and foster or support social, cultural and learning opportunities.

#### **Key Challenges:**

- High levels of social and economic disadvantage. Devonport is one of the most socio-economic disadvantaged communities in Australia, having a SEIFA index score in 2011 of 902 (13% of Australian suburbs are more disadvantaged)
- Entrenched social and economic challenges – for example welfare dependency; food insecurity; alcohol, drug and mental health issues; affordable housing; gambling; affordable/accessible health services; high unemployment
- Fear of technology
- Changing patterns of social interaction as a result of social media and on-line accessibility 24/7
- Risk of further social exclusion as a result of low digital literacy and challenges to accessing digital information and communication technologies
- Tight resources of community non-profit organisations limit uptake of current and emerging technologies
- Digital skills required of future workforce

**Desired Outcomes:**

- Increase in levels of digital literacy
- Improved access to digital technology (affordability, connectivity etc)
- Enhanced feelings of personal and community safety
- More civic participation
- Greater sense of community vibrancy and connectedness

**Actions include:**

- Expand the public Wi-Fi Network
- Raise awareness of or expand the role of community facilities/services and other relevant public infrastructure to act as key digital hubs to increase skills and access to emerging technology
- Promote and or create a range of digital resources to enhance community safety
- Assist community sector to engage productively in the digital economy
- Develop a program that encourages and helps households/individuals get online
- Investigate smart city infrastructure
- Encourage digital arts activity
- Investigate the development of a Devonport Information mobile application

**Strategic Focus 3. Innovative Local Governance**

The third focus area includes opportunities for how technology may help Council improve business process, provide more cost effective services and strengthen engagement with the community.

**Key Challenges:**

- Ability to meet changing customer/ratepayer expectations of service delivery
- Balancing digital innovation with skill level of community
- Digital capacity – infrastructure, skill level of staff, financial resources
- Overcoming any internal or community resistance to change
- Encouraging community input into Council projects and decisions

**Desired Outcomes:**

- Council fulfils role of enabler to increase community uptake of digital technology
- Improved business processes, efficiency and effectiveness
- Smarter use of community assets and infrastructure
- A more engaged local community
- Increased internal capacity to innovate and utilise emerging digital technology

**Actions include:**

- Enhance the City's electronic services
- Adopt a digital first policy for all content
- Enhance on-line participation in decision-making
- Improve and expand Council's published online data
- Build Council's digital management and systems capacity
- Embrace mobile devices in all areas of service delivery
- Expand cloud computing services
- Review the use of smart data gathering technologies and how mass insight data should be managed and utilised
- Pursue shared service opportunities
- Consider flexible working arrangements for staff
- Participate in trials of innovative and emerging technologies for service delivery
- Integrate digital inclusion principles in Partnership Agreements



### COMMUNITY ENGAGEMENT

A working group was established to guide the Strategy's development. Members of the group included representatives from the following sectors.

- Business and Retail (Devonport Chamber of Commerce and Industry)
- Education & Training (Devonport LINC, Devonport On-line Access Centre, TasTAFE, Don College)
- IT Industry
- Tourism (Cradle Coast Marketing Group)
- Council (Aldermen and key staff)

Broader community consultation conducted was aimed at understanding the economic, social and cultural needs of the Devonport community and how technology could play a role in meeting these needs. Seven workshops were delivered, as well as an on-line survey and an internal Council staff survey. Over 300 ideas were generated by 118 participants. This feedback was analysed by the strategy working group in the development of the Strategy's focus areas and actions.

### FINANCIAL IMPLICATIONS

Recommended actions in the Strategy require resourcing from a range of sources. Some actions will require an allocation in future operational and capital budgets that will be considered on an annual basis as part of Council's budgetary process.

### RISK IMPLICATIONS

- Corporate and Business  
The Strategy sets out a series of actions that will may improve the business processes of Council. These are deemed to be low risk.
- Information Technology  
There is a risk that the information technology resources of Council will be under pressure to fulfil the requirements of the Strategy. An annual operational plan prioritising Strategy actions will need to be developed to manage potential risks.

### CONCLUSION

The Devonport City Digital Strategy reflects the work undertaken by the Digital Strategy Working Group and influenced by the results of a community and internal staff consultation. The action plan will be reviewed annually with a full review of the Strategy to occur in 2021.

### ATTACHMENTS

1. Devonport City Digital Strategy 2017-21 DRAFT

### RECOMMENDATION

That it be recommended to Council that the report of the Executive Officer Community Services relating to the Devonport City Digital Strategy 2017-2021 be received and noted and Council endorse the release of the Strategy for a 30 day public consultation period.

Author:	Carol Bryant	Endorsed By:	Shane Crawford
Position:	Executive Officer Community Services	Position:	Executive Manager Corporate, Community & Business Services

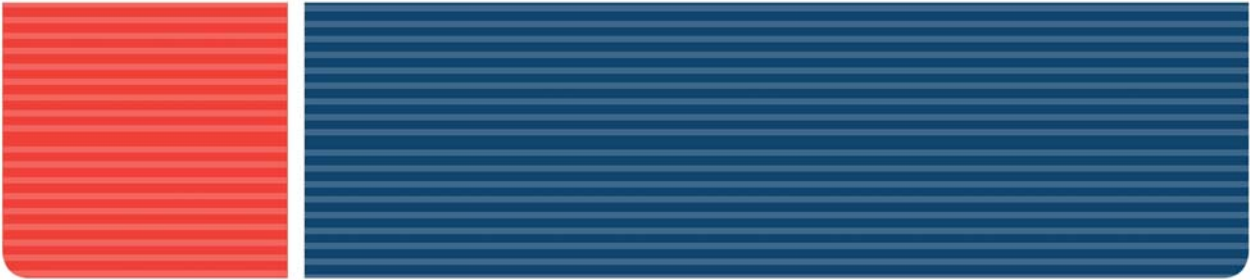
Devonport City Council



*The City with Spirit*



Digital Strategy 2017-2021



DRAFT

**Next Date of Review:**

**Document Controller:**

Executive Officer, Community Services

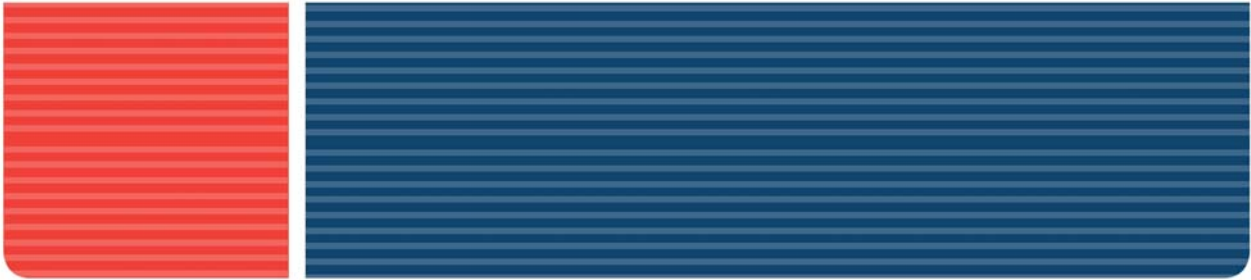
**Document Reviewer:**

Executive Manager, Corporate, Community &  
Business Services

**Date Adopted by Council:**

## Contents

1. What is the Digital Strategy.....	4
2. Methodology.....	5
2.1 Establishment of a Working Group .....	5
2.2 Development of a Discussion Paper .....	5
2.3 Community Input .....	5
3. Implementation .....	6
4. Policy Context .....	6
4.1 Australian Government.....	6
4.2 Tasmanian Government .....	6
4.3 Local Government .....	7
5. Relevant Statistics .....	8
5.1 Internet Connection - Devonport .....	8
5.2 Use of Social Media.....	8
5.3 The Australian Digital Inclusion Index .....	9
6. General Impacts and Issues .....	10
6.1 Digital Disruption .....	10
6.2 The 'Digital Divide' .....	12
6.3 National Broadband Network.....	13
7. Guiding Principles .....	15
8. Strategic Directions.....	16
8.1 A Vibrant Economy .....	16
8.2 An Empowered, Engaged & Connected Community.....	17
8.3 Innovative Local Governance.....	18
 <b>Appendices</b>	
A. Terminology.....	19
B. References.....	21
C. Action Plan.....	22



## 1. What is the Digital Strategy?

*Digital Devonport* intends to provide a clear direction for how to utilise smart and emerging technology to achieve community goals. It aims to reflect the physical, community and economic factors that determine the needs, expectations and priorities of the community.

Development of the Strategy was guided by the following questions.

- How can we empower and improve access for residents and business to engage in the digital economy?
- How can we better prepare ourselves for the opportunities that will come with the National Broadband Network rollout and other technological changes?
- How can we improve the public experience of Devonport through digital technology (i.e. for visitors, customers, residents, employees, students etc.)?
- If we fully capitalise on digital opportunities what will Devonport be like from a social, cultural, and economic perspective?

A range of projects and activities to be delivered over the next five years have been suggested to help address these questions. Importantly, however, the dynamic and rapidly changing nature of the digital environment will mean this Strategy may also need to evolve accordingly over time.

## 2. Methodology

The following steps have been undertaken in developing this Strategy.

### 2.1 Establishment of a Working Group

The Digital Strategy Working Group's role included:

- determining the strategy scope;
- providing advice and recommendations on engaging the community and stakeholders in strategy development;
- assisting in developing and prioritising strategy objectives and actions;
- considering options to resource strategy implementation (eg partnerships, grants, etc);
- reviewing the strategy document;
- supporting, promoting and undertaking a general advocacy role for the strategy; and
- acting as a conduit between Council and the community.

Members of the group included representatives from the following sectors:

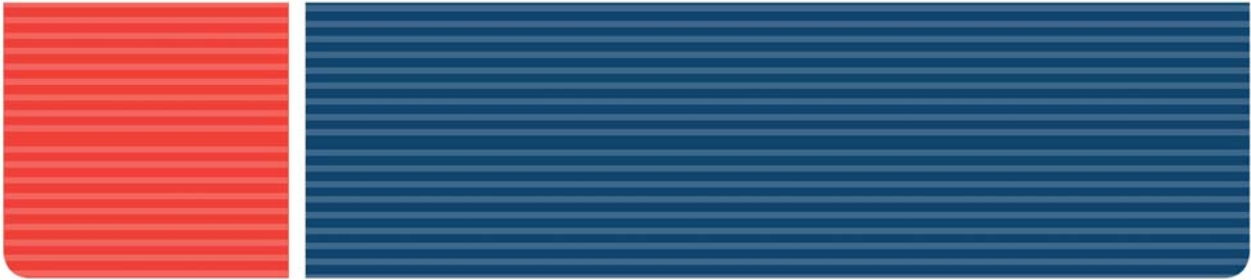
- Business and Retail (Devonport Chamber of Commerce and Industry);
- Education & Training (Devonport LINC, Devonport On-line Access Centre, TasTAFE, Don College);
- IT Industry;
- Tourism (Cradle Coast Marketing Group); and
- Council (Aldermen and key staff).

### 2.2 Development of a Discussion Paper

A discussion paper was developed to provide background information regarding the status of the uptake of digital technologies in society, and potential impacts of the changing digital landscape. This involved a desktop review of digital initiatives in Australian communities, policy frameworks and researching current and future trends. The paper was distributed to workshop participants during the community consultation phase and made available on Council's on-line engagement portal Speak Up Devonport.

### 2.3 Community Input

Consultation was aimed at understanding the economic, social and cultural needs of the Devonport community and how technology could play a role in meeting these needs. Seven workshops were delivered, as well as an on-line survey and an internal Council staff survey. Over 300 ideas were generated by 118 participants. This feedback was analysed by the strategy working group in the development of the Strategy's focus areas and actions.



### 3. Implementation

Devonport City Council will be responsible for facilitating the implementation of the Strategy. Review of Strategic Focus Areas and Actions will occur on an annual basis by a community working group and align with Council Annual Plan and Estimates process.

Progress of the Strategy will be reported to Council within the minutes of the Governance and Finance Committee, and be integrated into annual corporate reporting. Progress on the action plan will be communicated to residents via range of Council communication mediums.

### 4. Policy Context

The following strategies are of relevance to this Strategy.

#### 4.1 Australian Government

The *National Digital Economy Strategy* contains the Australian Government's eight goals for digital engagement by 2020:

- online participation by Australian households;
- online engagement by Australian businesses and not-for-profit organisations;
- smart management of our environment and infrastructure;
- improved health and aged care;
- expanded online education;
- increased teleworking;
- improved online government service delivery and engagement; and
- greater digital engagement in regional Australia.

#### 4.2 Tasmanian Government

The Tasmanian Government's *Information and Communications Technology Strategy* focuses on delivering government services more efficiently, effectively and consumer friendly. Some of the actions include:

- common voice and email services; data centres/storage; business processes and services for human resources, finance, information management and web/communications;
- investment in spatial information;
- single view of patient health information and adoption of eHealth services;
- linking school systems and sharing educational resources; and
- secure sharing of information on criminal and community safety services.

## 4. Policy Context (continued)

### 4.3 Local Government

At a local level, the *Devonport City Council Strategic Plan 2009-2030* and the *Devonport Community Live + Learn Strategy* include relevant outcomes, objectives and strategies as below:

Outcome/Objective	Strategy
<b>Devonport Strategic Plan 2009-2030</b>	
3.4 Modern communication technology is used to identify and deliver new opportunities	3.4.1 Advocate for state-of-the-art Information Communication Technology (ICT) infrastructure development
<b>Devonport Community Live + Learn Strategy</b>	
3.6 Embrace & pursue advances in IT to improve learning and employment outcomes for Devonport and surrounds	3.6.1 Raise community awareness around current and emerging technologies
	3.6.2 Encourage usage of emerging and innovative technologies in learning and business
	3.6.3 Take full advantage of emerging technologies to solve issues and problems in the community



## 5. Relevant Statistics

### 5.1 Internet Connection - Devonport

In 2011 29.1% households across city reported to not have an internet connection (Broadband, Dial-up or other).

This was much higher in East Devonport with 35.2% without a connection. This data does not include those people who utilise mobile internet devices.

A question relating to this was included in the 2016 census with results known in 2017.

	Internet connection	No Connection	Not Stated	Total Households
Ambleside	310	83	23	416
East Devonport	863	554	159	1,576
Devonport	3,778	1,843	340	5,962
Miandetta	472	159	35	666
Spreyton	375	127	18	520
Rural Remainder	739	172	41	951
<b>TOTAL Devonport City</b>	<b>6,537</b>	<b>2,938</b>	<b>616</b>	<b>10,091</b>
<b>TOTAL Devonport City %</b>	<b>64.8</b>	<b>29.1</b>	<b>6.1</b>	<b>100</b>

Source: Australian Bureau of Statistics, Census of Population and Housing, 2011.

### 5.2 Use of Social Media

The *Sensis Social Media Report May 2015* includes the following data in relation to internet and social media usage:

- 78% of Tasmanians access the internet daily, 52% more than 5 times a day;
- On average, Australians own three internet enabled devices with laptops and smartphones the two most popular. In Tasmania 86% smartphone; 78% laptop; 45% desktop; 43% iPad or other tablet; 24% internet-enabled TV; 23% iPod touch or similar; 3% none of the above;
- 61% Tasmanians use social networking sites at least once per day, 24% never; and
- In business 25% small to medium enterprises in the state have a social media presence.

## 5. Relevant Statistics (Continued)

### 5.3 The Australian Digital Inclusion Index

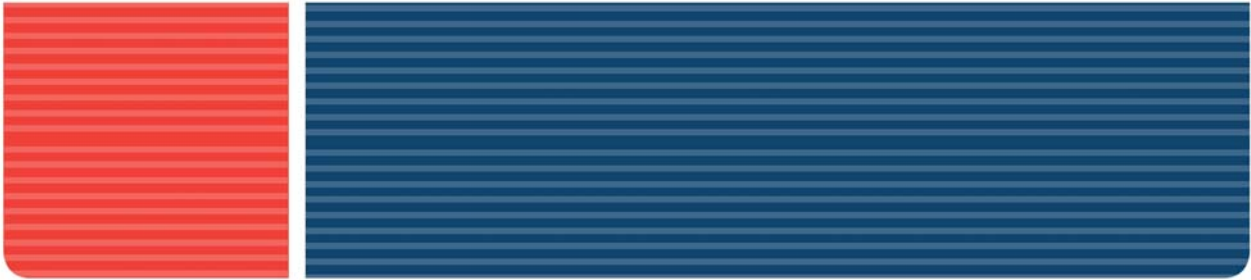
The *Australian Digital Inclusion Index (ADII)* has been created to measure the level of digital inclusion across the Australian population, and to monitor this level over time. The Index is designed to measure three key dimensions of digital inclusion:

- Access - to the internet, data allowance, and type of technology;
- Affordability - share of household income spent on internet access and total internet data allowance per dollar of expenditure; and
- Digital Ability - attitudes, basic skills and activities such as accessing content, transactions, and information (Thomas et al., 2016).

Scores range from 0 to 100 with higher scores meaning higher levels of inclusion. Scores are benchmarked against a 'perfectly digitally included' individual – a hypothetical person who scores in the highest range for every variable.

For the year ending March 2016, Tasmania's ADII score was 48.2, the lowest for any state or territory in Australia. Australia as a whole scored 54.5. Over the three years measured to date, Tasmania consistently recorded the lowest ADII score nationally and is the only state or territory with declining results. Within Tasmania, Hobart is the most digitally included sub-region, currently on 49.9 and the North West on 47.5 (Thomas et al., 2016).

Tasmanians with lower income, education, and employment levels tend to be less digitally included. However, an exception is seen in the lowest income bracket which includes young people on low incomes who live at home with their parents, and so enjoy greater connectivity. Several groups of people also display consistently low digital inclusion over the three years. In ascending order, they are: seniors (aged 65+), people with less than secondary education, people with disability, and people in the lower income bracket (Thomas et al., 2016).

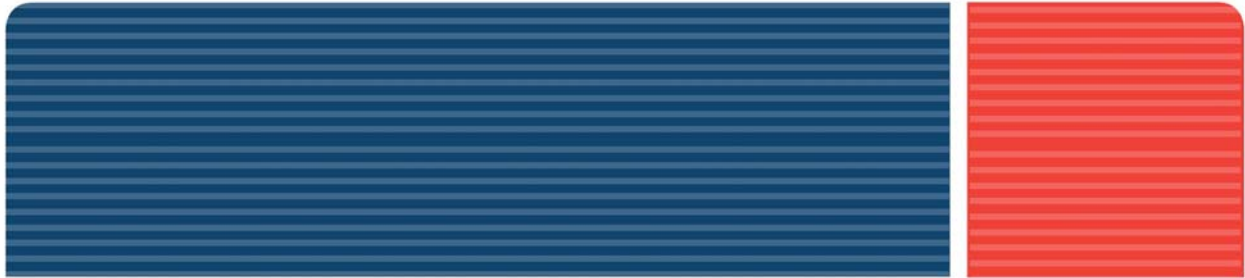


## 6. General Impacts and Issues

### 6.1 Digital Disruption

Australia's digital economy is expected to grow significantly over the coming years. This growth will be fuelled by new waves of technological developments. Existing technologies such as cloud services, social media and mobile devices will see growing uses in new industries, sectors and occupations. But a potentially larger source of future digital disruption will be the new technologies that are now emerging and their potential for commercial applications in the future – such as 3D printing in manufacturing, drones in the construction industry and driverless vehicles on mining sites (see image on the following page).

The contribution of digital technologies to the Australian economy is forecast to grow from \$79 billion in 2014 to \$139 billion in 2020. This represents growth of over 75% and an increase in the digital economy from 5% to 7% of Australia's GDP. The vast majority of this growth (97%) is expected to take place in sectors outside of the traditional Information, Media and Telecommunications industry. Consequently, digital skills are turning into the core competency for future workers, even for workers who are not employed directly in ICT roles (Deloitte Access Economics, 2016). The students of today must be able to not only passively consume technology, but to understand and control it, becoming an active part of this digital shift. Not knowing the language of computers will be as challenging as being illiterate or innumerate today. Communities and business shall also need to be innovative in adapting to future digital technologies.



## 6. General Impacts and Issues (Continued)

### 6.1 Digital Disruption (Continued)

Figure 1.1: New technologies disrupting the economy



Source: Deloitte Digital (2015)

## 6. General Impacts and Issues (Continued)

### 6.2 The 'Digital Divide'

The digital divide refers to the economic inequality between groups, broadly construed, in terms of access to, use of, or knowledge of information and communication technologies.

The Australian Council of Social Services (2016) has released a policy statement regarding the digital divide, key points include:

- The internet is increasingly regarded as a basic utility much like electricity, gas and water.
- Low internet access is correlated strongly to low family income, disability, long term unemployment and unemployment.
- With digital transformation increasing rapidly, there is a very real risk that families and households living on low incomes who are already experiencing exclusion will be 'left behind altogether'. This risk is particularly present where building skills, acquiring equipment or access networks incurs greater costs for households already living in poverty in Australia.
- A lack of digital literacy and skills is one of the barriers to engagement for people living on low incomes.
- Three focus areas that may assist in shortening the digital divide and improve digital inclusion:
  1. Digital literacy (their skills, online activities, and attitudes to digital technology), looking at the effectiveness of existing programs for people on low incomes and targeting greater initiatives to user groups who may be socially, economically or geographically disadvantaged when it comes to digital inclusion.
  2. Access and Affordability, recognising that low, declining and unreliable incomes are a key driver of digital exclusion; and that the relying solely on the development of digital markets will likely be insufficient to achieve a digitally inclusive society in Australia.
  3. Industry transition, incorporating community and non-profit organisations within the policy, planning, funding and delivery arrangements that will ensure that critical social infrastructure remains best able to meet the challenges and needs of Australian communities.

The 'Digital Divide' will likely be an issue in Devonport given 42.4% of people aged 15 and over earned less than \$400 gross income per week in 2011 (ABS).

The poverty line quarter ending December 2011 for an individual in a working household was \$457 and not working \$370 (University of Melbourne, 2012).

A coordinated effort from multiple organisations across many sectors is required to address the barriers to digital inclusion.

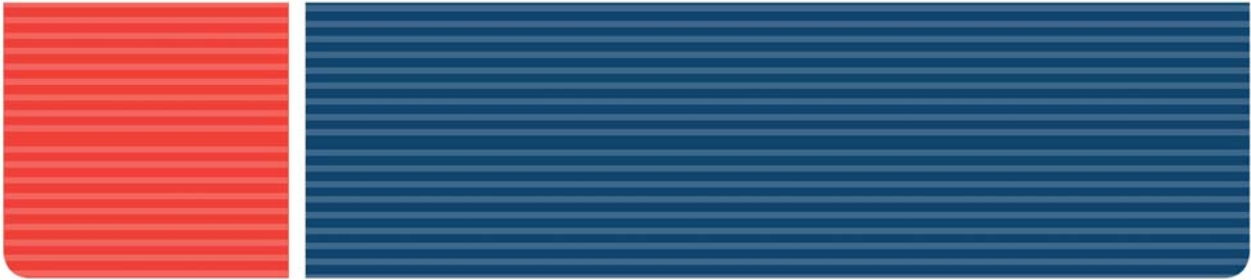
## 6. General Impacts and Issues (Continued)

### 6.3 National Broadband Network

The NBN is a next-generation broadband network designed for Australia's future needs. It will provide faster, more reliable broadband access to all Australian homes and businesses through a mix of three technologies: optic fibre, fixed wireless and next-generation satellite.

The NBN roll out to Devonport (aim is to be complete in second half 2017) will create a host of opportunities for a range of sectors; general impacts are provided below (the list is by no means complete).

Sector	Impact
IT	<p>As a major enabler and sustainer of the digital economy rapid growth is stimulated in the development and sale of digital technologies (platforms), software and applications. Developments identified as radically affecting the industry in Australia include:</p> <ul style="list-style-type: none"> <li>• Cloud computing and SaaS</li> <li>• Voice over IP (VoIP) or All-over-IP (AoP) and digital communications</li> <li>• Mobiles as computing devices and mobile applications</li> <li>• Open operating systems</li> <li>• Smart objects</li> <li>• Semantic aware applications</li> </ul>
Education and Training	<p>Significant enablement of existing trends in:</p> <ul style="list-style-type: none"> <li>• eLearning</li> <li>• Online and digital media used to support open and distance learning</li> <li>• Vitalisation of more interactive and synchronous forms of participant</li> </ul>
Business	<p>Move of business models towards:</p> <ul style="list-style-type: none"> <li>• New electronic business models</li> <li>• New ecommerce tools and transaction engines using a range of technologies and network channels (mobile, satellite, etc) to reach a customer</li> <li>• Smart homes and security systems</li> <li>• Significant shift in how knowledge is managed, shared and stored</li> <li>• Sustainability and green business uptake with virtualisation, waste management and telework</li> <li>• Rapid start-ups with Software as a Service (SaaS) off-setting business costs</li> </ul>



## 6. General Impacts and Issues (Continued)

### 6.3 National Broadband Network (Continued)

Sector	Impact
Retail	<p>Greater personalisation of e-commerce and online products and services.</p> <p>Use of intermediaries improves e-markets and the cost saving to final consumers. Shift of many more businesses and products and services into digital marketplaces.</p>
Government	<p>Able to leverage substantial cost savings.</p> <ul style="list-style-type: none"> <li>• Efficiencies in service delivery leveraged through improved eSecurity</li> <li>• Personalisation of services to individuals connected to a high speed broadband network.</li> <li>• Improve transparency with personalisation of services, eg. Billing</li> <li>• Management of documents and data across public sector agencies and levels of government</li> <li>• Engagement with participative online tools and forums</li> </ul>
Community Non-Profits	<p>A 2015 survey by Infoxchange investigating the ICT engagement in the not-for-profit sector identified advancing organisational websites and social media presence as key priorities.</p> <p>In terms of cloud usage, the survey showed that 54% of organisations do not want to move to cloud based operating systems for a range of reasons, including 'data security concerns', 'no time to learn', 'costs of moving' and 'expensive or insufficient internet'. This indicates the need for resourcing of funding, technological security training, service improvement and timely measures to allow organisations to engage with the cloud.</p>

Source: Australian Bureau of Statistics, Census of Population and Housing, 2011.



## 7. Guiding Principles

A review of key issues and opportunities as identified through community consultation has guided the development of the following principles for the Strategy's implementation.

1. Increasing access to digital technology itself is not the goal but technology will be harnessed to help address community challenges and deliver better services.
2. Aim to deliver projects and actions in a fair and equitable manner, ensuring that individuals or groups are not further excluded from digital participation.
3. Understand that the needs and rights of residents to be engaged in decisions, processes and activities affecting their lives can be achieved in a variety of ways which may include the effective use of technology.
4. Community expectations to deliver greater on-line and digital services is to be balanced with broader community aspirations and resources.
5. A coordinated effort and sharing resources from multiple organisations across many sectors is required to improve digital inclusion and meet community goals.
6. A cultural change will be modelled by Council and partners that encourages shared approaches to innovation, learning and forward thinking.



## 8. Strategic Directions

The aim of for Digital Devonport over the next five years is to:

**Together, enhance the capacity of residents, community organisations, business and government to build a strong, thriving and connected community enabled by the innovative use of emerging digital technology.**

It is envisioned that this will be achieved by undertaking a number of actions grouped under three key focus areas:

- A Vibrant Economy
- An Empowered, Engaged and Connected Community
- Innovative Local Governance

Key challenges, desired outcomes and suggested actions have been developed from a combination of community and Council staff feedback, current and future digital trends and policy frameworks. A detailed action plan is provided in Appendix 3.

### 8.1 Strategic Focus 1: A Vibrant Economy

This includes strategies and projects that focus on better use of emerging technologies to foster opportunities and growth for business operating and investing in Devonport, whilst improving the consumer and visitor experience.

#### Key Challenges:

- Regional demographic profile characterised by small population (and corresponding small business sector), low income earners and high proportion older residents creates different spending patterns
- High unemployment
- High number of small businesses with tight resources to engage in the digital economy
- Market forces creating competition from digital business worldwide (increase in on-line shopping, social media advertising etc)

#### Desired Outcomes:

- Greater business engagement with digital technology
- Improved marketing of the City
- Enriching the Devonport experience for consumers and visitors

#### Actions include:

- Create digital resources and services that benefit the retail, tourism and hospitality sectors
- Establish an online directory / shopfront of local businesses
- Facilitate capacity building programs for Devonport business
- Establish an ongoing program of business and technology mentoring
- Enhance visitor experience
- Encourage digital skill placements for students in local businesses
- Investigate the need to create a virtual and/or physical space that provides opportunities and support for digital business start-ups

## 8. Strategic Directions (Continued)

### 8.2 Strategic Focus 2: An Empowered, Engaged & Connected Community

These initiatives aim to improve quality of life and social inclusion; encourage greater connections and partnerships between residents, community organisations, business and government; and foster or support social, cultural and learning opportunities.

#### Key Challenges:

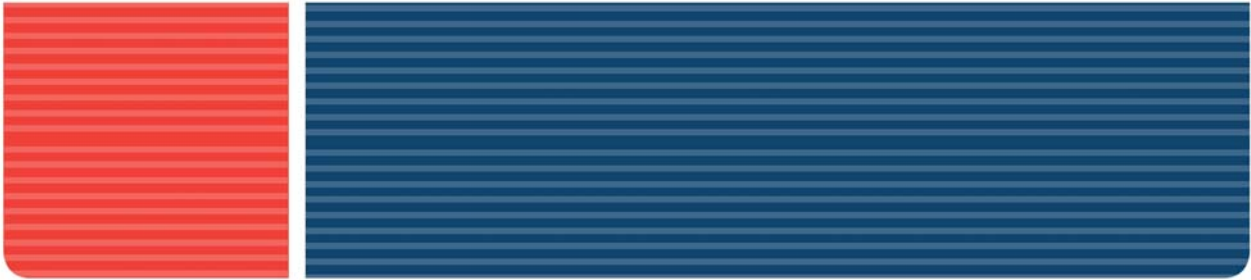
- High levels of social and economic disadvantage. Devonport is one of the most socio-economic disadvantaged communities in Australia, having a SEIFA index score in 2011 of 902 (13% of Australian suburbs are more disadvantaged)
- Entrenched social and economic challenges – for example welfare dependency; food insecurity; alcohol, drug and mental health issues; affordable housing; gambling; affordable/accessible health services; high unemployment
- Fear of technology
- Changing patterns of social interaction as a result of social media and on-line accessibility 24/7
- Risk of further social exclusion as a result of low digital literacy and challenges to accessing digital information and communication technologies
- Tight resources of community non-profit organisations limits uptake of current and emerging technologies
- Digital skills required of future workforce

#### Desired Outcomes:

- Increase in levels of digital literacy
- Improved access to digital technology (affordability, connectivity etc)
- Enhanced feelings of personal and community safety
- More civic participation
- Greater sense of community vibrancy and connectedness

#### Actions include:

- Expand the public Wi-Fi Network
- Raise awareness of or expand the role of community facilities/services and other relevant public infrastructure to act as key digital hubs to increase skills and access to emerging technology
- Promote and or create a range of digital resources to enhance community safety
- Assist community sector to engage productively in the digital economy
- Develop a program that encourages and helps households / individuals get online
- Investigate smart city infrastructure
- Encourage digital arts activity
- Investigate the development of a Devonport Information mobile application



## 8. Strategic Directions (Continued)

### 8.3 Strategic Focus 3: Innovative Local Governance

The third focus area includes opportunities for how technology may help Council improve business process, provide more cost effective services and strengthen engagement with the community.

#### Key Challenges:

- Ability to meet changing customer/ratepayer expectations of service delivery
- Balancing digital innovation with skill level of community
- Digital capacity – infrastructure, skill level of staff, financial resources
- Overcoming any internal or community resistance to change
- Encouraging community input into Council projects and decisions

#### Desired Outcomes:

- Council fulfils role of enabler to increase community uptake of digital technology
- Improved business processes, efficiency and effectiveness
- Smarter use of community assets and infrastructure
- A more engaged local community
- Increased internal capacity to innovate and utilise emerging digital technology

#### Actions include:

- Enhance the City's electronic services
- Adopt a digital first policy for all content
- Enhance on-line participation in decision-making
- Improve and expand Council's published online data
- Build Council's digital management and systems capacity
- Embrace mobile devices in all areas of service delivery
- Expand cloud computing services
- Review the use of smart data gathering technologies and how mass insight data should be managed and utilised
- Pursue shared service opportunities
- Participate in trials of innovative and emerging technologies for service delivery
- Integrate digital inclusion principles in Partnership Agreements

## Appendix A: Terminology

**Cloud computing:** Cloud computing refers to applications and services offered over the internet. These services are offered from data centres all over the world, which collectively are referred to as the 'cloud'. This metaphor represents the intangible, yet universal nature of the internet.

**Crypto-currency:** A medium of exchange using cryptography to secure the transactions and to control the creation of new units. Crypto-currencies are a subset of alternative currencies, or specifically of digital currencies. Bitcoin became the first decentralized crypto-currency in 2009. There were more than 669 cryptocurrencies available for trade in online markets as of 24 August 2015 and more than 740 in total but only 9 of them had market capitalizations over \$10 million.

**Digital disruption:** Digital disruption is the term used to describe how a new technology causes an interruption to normal work or practice. It relates to our ability to keep up with the speed of change due to the introduction of new technology and digital innovations. The term 'disruptive innovation' is used to describe innovations that improve a product or service in ways that the market does not expect. For example, the innovation may be designed for one consumer market, but ends up being applied by a different market segment, or it displaces major competition or results in lowering prices in the existing market.

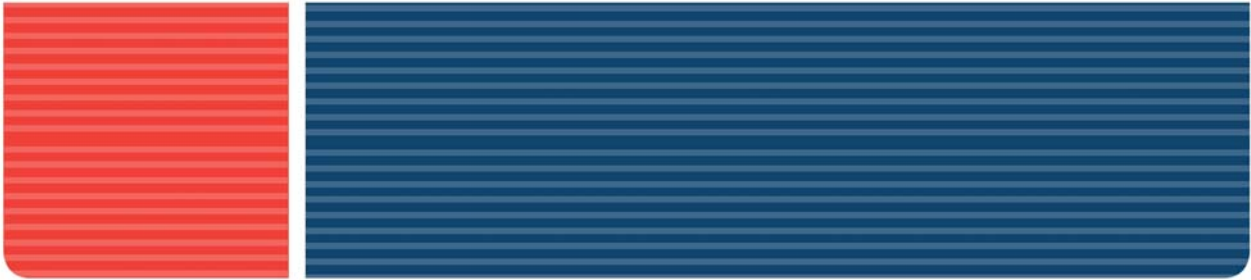
**Drones:** Drones are unmanned devices and have applications in the construction and agriculture industries, given their ability to venture where humans and heavy machinery cannot. The use of drones for monitoring sites, conducting remote surveying work and collecting site-specific aerial data can improve safety and reduce operational costs.

**e-commerce:** electronic commerce (or EC) is the buying and selling of goods and services on the internet, especially the World Wide Web. In practice this term, and a newer term, e-business, are often used interchangeably. For online retail selling, the term e-tailing is sometimes used.

**e-health:** is the transfer of health resources and health care by electronic means. It encompasses three main areas:

- The delivery of health information for health professionals and health consumers through the internet and telecommunications
- Using the power of IT and e-commerce to improve public health services, e.g. through the education and training of health workers
- The use of e-commerce and e-business practices in health systems management.

**e-learning:** Education via the internet, network or standalone computer. E-learning is essentially the network-enabled transfer of skills and knowledge and refers to using electronic applications and processes to learn. E-learning applications and processes include web-based learning, computer-based learning, virtual classrooms and digital collaboration. Content is delivered via the internet, intranet/extranet, audio or video tape, satellite TV, and CD-ROM.



## Appendix A: Terminology (Continued)

**Fixed Wireless Network (FWN):** The NBN's fixed wireless network uses advanced technology commonly referred to as LTE or 4G. It is engineered to deliver services to a fixed number of premises within each coverage area so that bandwidth per household is more consistent than via mobile wireless, even in peak times of use. Unlike a mobile wireless service, where speeds can be affected by the number of people moving into and out of the area, the speed available in a fixed wireless network is designed to remain relatively steady.

**Internet of Things:** The network of physical devices, vehicles, buildings and other items embedded with electronics, software, sensors, actuators, and network connectivity that enable these objects to collect and exchange data. Current market examples include smart thermostat systems and washer/dryers that use Wi-Fi for remote monitoring.

**Megabits per second (Mbps):** is a measure of data transfer speeds of high bandwidth connections, such as Ethernet and cable modems. One megabit is equal to one million bits or 1,000 kilobits. While 'megabit' sounds similar to 'megabyte', a megabit is roughly one eighth the size of a megabyte (since there are eight bits in a byte).

**Oculus rift:** Company that recently released prototype of virtual reality experience for use in gaming but will likely be adaptable to variety of experiences.

**Open data:** Data that can be freely used, reused and redistributed by anyone –subject only, at most, to the requirement to attribute and share alike.

**Teleworking:** the use of home computers, telephones, etc., to enable a person to work from home while maintaining contact with colleagues, customers, or a central office.

**Wearables:** Wearable technology, wearables, fashionable technology, wearable devices, tech togs, or fashion electronics are clothing and accessories incorporating computer and advanced electronic technologies. For example, wearable technology is being utilised in the healthcare industry to help individuals understand and collect data on their health at a high frequency in real time. This assists in monitoring patients and enables more timely and efficient diagnosis and treatment processes.

## Appendix B: References

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Australian Council of Social Services (2016) *Staying connected: the impact of digital exclusion on people living on low-incomes and the community organisations that support them*, <http://www.acoss.org.au/wp-content/uploads/2016/01/Digital-Divide-Policy-Snapshot-2016-Final.pdf>

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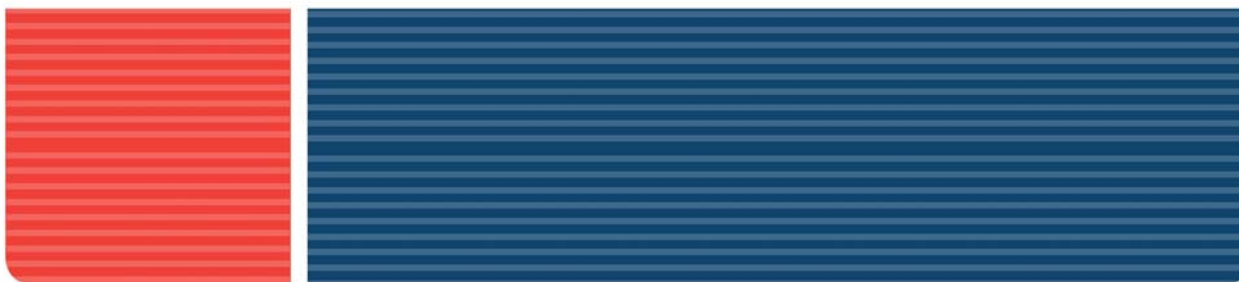
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## Appendix C: Digital Strategy Action Plan

### Action:

The activity or output to be undertaken.

### Responsibility:

The organisation that will lead the action - also lists key potential partners.

### Priority:

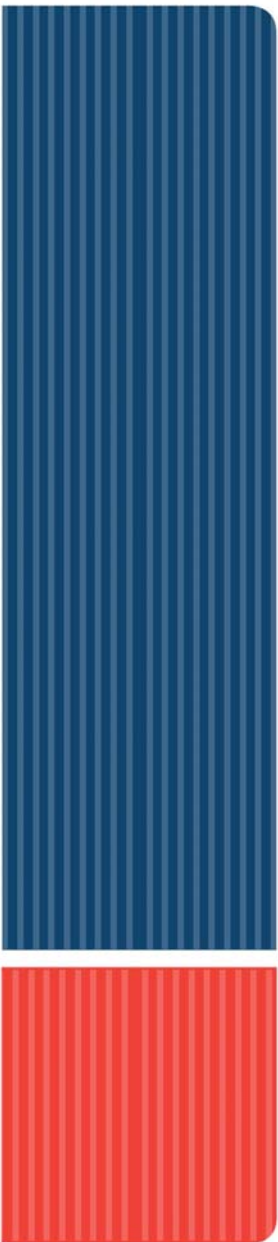
Actions assessed using two criteria:

1. Level of importance / strategic impact (community benefit)
2. Ease of implementation (considering time, resources, complexity)
  - High: Critical importance, high impact, easy to implement. Complete within 1-2 years
  - Medium: Complimentary to existing services, high impact, more difficult to implement. Complete within 3-5 years
  - Low: Limited impact, difficult to implement. Complete within 5 years

### Resources Required:

The level of human or financial resources required:

- A-OPEX: Annual operational expenditure by Council – staffing or operational resource allocated as part of the annual plan.
- F-OPEX: Future operational expenditure by Council – identified increased requirements for future consideration in annual allocation.
- CAPEX: 2016/17 allocated capital expenditure – identified infrastructure requirements of Council.
- F-CAPEX: Future capital expenditure – no current allocation would need to be considered in future capital budget.



## Appendix C: Digital Strategy Action Plan

### Strategic Focus 1: A Vibrant Economy

Action	Details	Responsibility	Priority	Resources
1.1	<p>Create digital resources and services that benefit the retail, tourism and hospitality sectors</p> <p>Investigate creating resources that maximise use of smart data, for example:</p> <ul style="list-style-type: none"> <li>• Wi-Fi enabled resources that alert shoppers to proximate retail opportunities</li> <li>• Smart phone apps that integrate the shopping experience and enable</li> </ul>	DCCI in partnership with DCC, UTAS, CCA, Regional and Local Tourism Bodies	High	A-OPEX
1.2	<p>Establish an online directory / shopfront of local businesses</p> <p>Investigate the establishment and maintenance of an online directory / shopfront portal of local businesses.</p> <ul style="list-style-type: none"> <li>• Provides online presence for all Devonport businesses that can be discovered through search engines</li> <li>• Marketing the stories/brand of Devonport to increase customer experience and possible revenue</li> <li>• A single consumer and retailer point of entry on the web and mobile platforms that enables blogging, specials, promotions and other interactions between retailer and consumer</li> </ul>	DCCI	High	External Funds
1.3	<p>Facilitate capacity building programs for Devonport business</p> <p>Seek funding and partners to promote and/or deliver a range of programs to educate and build the skills of SME businesses to better understand and capitalise on emerging digital technologies.</p> <ul style="list-style-type: none"> <li>• Leverage existing State Government, Federal Government and other programs</li> <li>• Promote examples of SME businesses benefiting from the opportunities of utilising digital technology</li> <li>• Deliver range of information sessions and workshops</li> </ul>	DCC In partnership with DCCI/ business sector	Medium	A-OPEX External Funds

# Action Plan



## Action Plan

Action	Details	Responsibility	Priority	Resources		
1.4	<p>Establish an ongoing program of business and technology mentoring</p>	DCCI in partnership with DCC	Medium	A-OPEX External funds		
1.5	<p>Enhance visitor experience</p>	<ul style="list-style-type: none"> <li>• Involves mentors from local tech savvy businesses who can provide practical advice and coaching about moving small businesses online.</li> <li>• Establish register</li> <li>• May involve small fee for service for initial commitment</li> </ul>	<ul style="list-style-type: none"> <li>• New "way-finder" system that integrates mobile digital technology with signs, maps and venues</li> <li>• Ready access to Wi-Fi services across public open spaces and retail precincts</li> <li>• Progressive online and mobile applications for visitors</li> </ul>	<ul style="list-style-type: none"> <li>• Cradle Coast Tourism "RTO"</li> <li>• DCC</li> <li>• LTA, DCCI</li> </ul>	Medium	A-OPEX External funds
1.6	<p>Encourage digital skill placements for students in local businesses</p>	<ul style="list-style-type: none"> <li>• To assist businesses to engage in the digital economy / embrace new technologies</li> <li>• To provide work experience opportunities – increasing digital skill base</li> </ul>	UTAS, TasTafe, Schools/ College	Medium	External funds	
1.7	<p>Investigate the need to create a virtual and/ or physical space that provides opportunities and support for digital business start-ups</p>	<p>Understand the possibilities/demand for digital economy based start-up companies and if there is a demonstrable need consider:</p> <ul style="list-style-type: none"> <li>• Providing a physical / virtual space for start-ups to locate, network, hot desk and share ideas and resources</li> <li>• Seeking service providers to deliver support/ mentoring programs</li> <li>• Funding and partners</li> </ul>	DCCI Tasmanian Department of State Growth	Low	External funds	

### Appendix C: Digital Strategy Action Plan

Strategic Focus 1: A Vibrant Economy

## Appendix C: Digital Strategy Action Plan

Strategic Focus 2: An Empowered, Engaged & Connected Community

Action	Details	Responsibility	Priority	Resources
2.1	Expand the public Wi-Fi Network	DCC	High	A-CAPEX F-CAPEX
2.2	Raise awareness of or expand the role of community facilities/ services and other relevant public infrastructure to act as key digital hubs to increase skills and access to emerging technology	Devonport LINC, Devonport On-line Access Centre and DCC in partnership with Community Houses East Devonport Child and Family Centre Education Providers	High	External funds

## Action Plan

## Action Plan

Action	Details	Responsibility	Priority	Resources	
2.3	Promote and / or create a range of digital resources to enhance community safety	Resources may include: <ul style="list-style-type: none"> <li>Digital version of safe houses</li> <li>Cyber safety – bullying on social media / protecting yourself on-line</li> <li>Promotion safety mobile applications / programs</li> <li>Smart Technology for personal safety e.g. in the home</li> <li>CCTV opportunities</li> <li>Improved emergency management communication</li> </ul>	Community Safety Special Interest Group in partnership with Devonport LINC, Schools, Learning Communities Special Interest Group	High	A-OPEX External funds
2.4	Assist community sector to engage productively in the digital economy	<ul style="list-style-type: none"> <li>Link community sector to resources / service providers able to help deploy digital technology</li> <li>Promote and/or deliver staff training – e.g. on utilising digital technology and cyber safety</li> </ul>	Learning Communities Special Interest Group	High	A-OPEX External funds
2.5	Develop a program that encourages and helps households / individuals get online	Understand why residents are not on-line and determine need for the project. Potentially target people who lack confidence and the “how to” skills to access the internet utilising community-based approaches; and those at risk of digital exclusion. Mixture of practical information sessions, one-on-one support by trusted sources (e.g. non-profits, volunteers etc.) and community wide marketing campaign.	Devonport LINC and Devonport Online Access Centre in partnership with DCC, Education providers	Medium	External funds A-OPEX

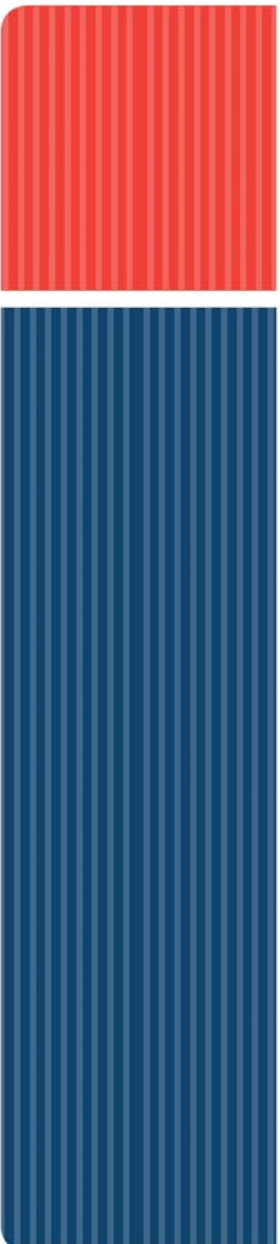
### Appendix C: Digital Strategy Action Plan

Strategic Focus 2: An Empowered, Engaged & Connected Community

## Appendix C: Digital Strategy Action Plan

### Strategic Focus 2: An Empowered, Engaged & Connected Community

Action	Details	Responsibility	Priority	Resources
2.6	Investigate smart city infrastructure	DCC	Medium	F-OPEX F-CAPEX
2.7	Encourage digital arts activity	DCC	Medium	A-OPEX F-OPEX External funds
2.8	Investigate the development of a Devonport Information mobile application	DCC	Medium	External funds



## Appendix C: Digital Strategy Action Plan

### Strategic Focus 3: Innovative Local Governance

Action	Details	Responsibility	Priority	Resources
3.1	<p>Enhance the City's electronic services</p> <ul style="list-style-type: none"> <li>Council will expand the range and ease of online services in a staged approach. Services should</li> <li>Be convenient, integrated, efficient and easy to use for residents and businesses.</li> <li>Enable efficiencies and provide opportunities to simplify work processes.</li> <li>Operate on different devices including mobile devices.</li> <li>Where possible, securely link to the services and data of other government service providers.</li> </ul> <p>Service examples include:</p> <ul style="list-style-type: none"> <li>A fully online development application and planning system allowing those investing in the City to lodge Development Applications and comprehensively track the planning process at all stages</li> <li>Improved Customer Relationship Management - On-line payments, forms, reporting, interactive knowledge base self-help service; individuals manage transactions and personal information via on-line Council account</li> <li>Introduce digital options for parking - smart and flexible technology payment options, and investigate real time parking information to enhance the on-street and off-street parking experience for city users</li> <li>Live streaming of meetings, events etc</li> </ul>	All Departments	High	A-OPEX F-OPEX F-CAPEX

# Action Plan

## Appendix C: Digital Strategy Action Plan

### Strategic Focus 3: Innovative Local Governance

Action	Details	Responsibility	Priority	Resources
3.2	Enhance on-line participation in decision-making	Communications	High	A-OPEX F-OPEX
3.3	Improve and expand Council's published online data	Information Technology Community Services	High	F-OPEX
3.4	Build Council's digital management and systems capacity	Management team	High	F-OPEX

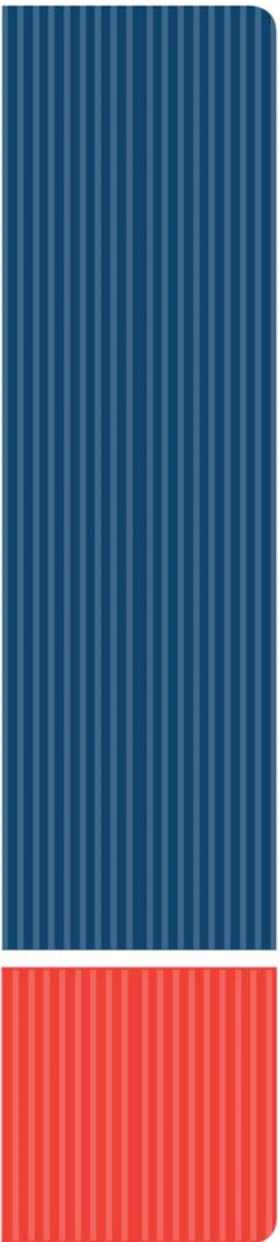
## Action Plan

## Action Plan

Action	Details	Responsibility	Priority	Resources
3.5	Expand cloud computing services	Information Technology	High	F-OPEX
3.6	Embrace mobile devices in all areas of service delivery	Information Technology	Medium	F-CAPEX
3.7	Review the use of smart data gathering technologies and how mass insight data should be managed and utilised	Corporate, Community & Business Services	Medium	F-OPEX
3.8	Pursue shared service opportunities	Corporate, Community & Business Services	Medium	F-OPEX F-CAPEX

### Appendix C: Digital Strategy Action Plan

Strategic Focus 3: Innovative Local Governance



## Appendix C: Digital Strategy Action Plan

### Strategic Focus 3: Innovative Local Governance

Action	Details	Responsibility	Priority	Resources	
3.9	Adopt a digital first policy for all content (ensure content can be produced in hard copy on request)	<ul style="list-style-type: none"> <li>Consider adopting and implementing a digital first policy for publishing information and for undertaking consultations.</li> <li>Undertake a comprehensive review of current approaches and implement new processes, channels, roles and responsibilities</li> </ul>	Communications All Departments	Low	A-OPEX
3.10	Participate in trials of innovative and emerging technologies for service delivery	Consider participating in trials of innovative and emerging technologies for service delivery, community consultations and local promotion. An example is the use of augmented reality and 3-D imaging to present the impacts of proposed developments.	All Departments	Low	F-OPEX F-CAPEX
3.11	Integrate digital inclusion principles in Partnership Agreements	Encourage partners to make digital inclusion a priority and become digital champions for their area, client or community group	Community Services	Low	A-OPEX



## 4.6 TASWATER - DIVIDENDS TO COUNCILS

File: 28434 D435652

### RELEVANCE TO COUNCIL'S PLANS & POLICIES

Council's Strategic Plan 2009-2030:

Strategy 5.1.4 Develop and maintain partnerships and advocate for improved service provision, funding and infrastructure

### SUMMARY

This report is provided to assist Council in understanding the impact of a recent decision by the TasWater Board to reduce the distribution of dividends to owner councils by a further \$10M per annum, commencing 1 July 2018.

### BACKGROUND

In May 2015 as a result of the outcomes of the Economic Regulator's 2015 Price Determination Investigation, and the financial implications for TasWater, councils through the Representatives Group agreed to freeze distribution returns for the duration of the three year regulatory period commencing 1 July 2015.

In May 2016, owner councils were requested to agree "to a moratorium on increases in distributions for a further seven years in the event that TasWater secures commitment from the State and Federal Governments to make grants totalling no less than \$400M over a ten year period".

Devonport Council considered this request at its meeting on 23 May 2016 and determined (Min 91/16 refers):

*That Council in relation to the request from TasWater confirm its conditional support for a moratorium on increases in distributions for an additional period of seven years providing TasWater is successful in securing commitment from State and Federal Governments for grant funding totalling no less than \$400M over a ten year period.*

A special meeting of the Owners' Representatives held in June 2016, determined to support the request from the TasWater Board for a further seven year freeze on dividends.

The request for commitment from the State and Federal Governments was not forthcoming.

### STATUTORY REQUIREMENTS

TasWater is an entity established by the State Government under the *Water and Sewerage Corporation Act 2012*. It is 100 per cent owned by local government. Two sections of the Act which are specifically relevant to the decision made by the Board are as follows:

#### 6. **Principal objectives of Corporation**

(1) *The principal objectives of the Corporation are as follows:*

- (a) *to efficiently provide water and sewerage functions in Tasmania;*
- (b) *to encourage water conservation, the demand management of water and the re-use of water on an economic and commercial basis;*
- (c) *to be a successful business and, to this end –*

- (i) to operate its activities in accordance with good commercial practice; and*
  - (ii) to deliver sustainable returns to its members; and*
  - (iii) to deliver water and sewerage services to customers in the most cost-efficient manner.*
- (2) Each of the principal objectives of the Corporation is of equal importance.*

**16. Operation and management**

- (1) All decisions relating to the operation of the Corporation are to be made by or under the authority of the Board.*

Further, in the Shareholders' Letter of Expectations there is a requirement that:

- 10.1 The Corporation shall act for the ultimate benefit of the Shareholders. It is the responsibility of the Board to act in the interests of the Corporation and, through it, the Shareholders' interest.*
- 10.2 The Board shall develop a policy or protocol for continuous disclosure with shareholders, following a no surprises, approach based on that described in ASX Principle.*
- 21.1 In accordance with the Water and Sewerage Corporations Act 2012 the Board is to determine a Distribution Policy for the Corporation in consultation with the Owners Representative with a view to establishing the target level of total distributions including Dividend.*

**DISCUSSION**

On 23 August 2016 the Chairman of TasWater, Miles Hampton circulated a form letter as follows to all councils:

*Dear Mayor, Owners Representative and/or Council General Manager*

*Despite our best efforts and the support of Chief Owners Representative, David Downie and LGAT President, Doug Chipman, TasWater did not manage to secure a funding commitment from the State and Federal Governments during the lead up to the Federal Election.*

*The TasWater Board have considered the position it now finds itself in and has resolved that it must address Tasmania's critical water quality infrastructure issues as a matter of urgency and prepare a fully funded plan to address the ageing sewerage infrastructure issues.*

*The recent water borne outbreak in New Zealand where two thousand people in the Hastings community have become ill as a result of drinking contaminated water is a salutary reminder of the fundamental importance of adequately maintaining, renewing and future proofing our critical drinking water infrastructure.*

*We have determined that we must target the removal of the permanent boil water alerts and do not consume alerts that currently affect 24 Tasmanian townships, and do this within the next two years.*

*We expect to halve the number of towns on permanent alerts by 30 June 2017 and remove all remaining permanent alerts within two years.*

*Further, we must address the other areas of key vulnerability in water quality as a matter of priority.*

However, this comes at a cost. TasWater will target additional savings which will mean that total savings subsequent to the establishment of the corporation will approximate \$25 million per annum.

But these savings are insufficient of themselves to bridge the gap, and the TasWater Board has determined that for a period of seven years commencing 1 July 2018, TasWater will freeze annual distributions to Owner Councils at \$20 million.

The previous commitment to maintain distributions at \$30 million per annum until 30 June 2018 will be honoured.

It is acknowledged that the reduction and extended freeze in payments will be challenging for Owner Councils. But in effect there is no choice. TasWater must address the state of its infrastructure; the risks of not doing so are too great.

Councils will likely ask the question is the dividend a matter for the Board or Councils. The answer is that dividends are the responsibility of the Board.

Councils may also ask why did TasWater take the resolution for Councils to endorse a freeze to the June Owners Meeting. The answer is that it was our hope and belief that Councils resolving at a meeting would carry more influence with State and Federal governments than if the TasWater Board made the decision.

Looking to the longer term we have prepared a revised plan to address all water and sewerage infrastructure problems over the next ten years. This plan does not include addressing the relocation of the Macquarie Point wastewater treatment plant.

Macquarie Point is an adequately functional sewage treatment plant and in that circumstance it is the responsibility of others to fund the relocation.

However, we do acknowledge the economic importance of this development to the State and will continue to work closely with both the State Government and the Macquarie Point Development Corporation to help keep the cost of relocation to a minimum.

Further, the revised plan does not include tackling the issues created by the flow of stormwater into TasWater's Launceston sewerage system.

It is our view that the problems arising from the flow of stormwater into our sewerage system are not the responsibility of TasWater.

However, TasWater will work with the Launceston City Council to identify how the issues can be resolved at least cost and support them in applications for funding assistance.

The revised TasWater plan will see very substantial expenditure in all regions of the state, with the greatest expenditure around the Tamar River where TasWater will spend \$300 million upgrading &/or replacing the seven waste water treatment plants that discharge into the river.

We are confident that with the additional contribution of Owner Councils, further savings to be identified within the business, we can address all of our infrastructure shortcomings, and do so within ten years.

To recap on the maths, we had previously been seeking \$400 million in assistance to bridge the funding shortfall.

*With Macquarie Point and the Launceston combined system not being part of our revised plan, the shortfall will be reduced to \$150 million and the reduced payments to Councils will leave us with a shortfall of around \$80 million.*

*We expect to help bridge the gap by increasing the targeted savings inside TasWater beyond that previously anticipated.*

*In summary our revised plan has TasWater:*

- tackling critical water quality issues immediately,*
- addressing the sewerage infrastructure shortcomings, and*
- removing the need for external funding assistance at this time.*

*There is no doubt that the reduction and extended freezing of distributions will create challenges for a number of Councils.*

*TasWater has previously targeted a 10 year capital program of \$1.1 billion. By reducing payments to Councils by \$150 million, and TasWater targeting aggregate operational savings of \$25 million per annum, we can fund the revised capital program of \$1.5 billion.*

*Without assistance from government we must take the actions that are essential for the provision of safe and reliable drinking water across Tasmania and in the longer term address the shortcomings in our sewerage infrastructure.*

*Should you wish to discuss the content of this letter please contact the writer or TasWater CEO Mike Brewster.*

*Yours faithfully  
Miles Hampton  
Board Chairman*

The Chairman of the Owner Representative Group, Mayor David Downie of Northern Midlands Council provided an opinion piece to the Examiner Newspaper following the decision by TasWater which essentially sums up the current issue:

*There needs to be more investment by state and federal government in the critical area of water and sewerage to assist in maintaining a reasonable cost of living for Tasmanians.*

*TasWater has made outstanding progress in ensuring across Tasmania access to safe drinking water by contemporary standards, bringing significant benefits to communities and our tourism industry.*

*Over the next two years, all boil water alerts will be eliminated and work will start on improving sewerage infrastructure. This work will take significant funding to do at the speed which matches community expectations. Those same communities also expect and need other important infrastructure such as local roads and bridges, parks, sports grounds and community halls kept to the highest standards.*

*Councils had planned to use the return on decades of community investment into water and sewerage infrastructure through the payment of dividends to aid in the maintenance and renewal of other assets. Councils need to balance costs and spending requirements over a 10-year cycle which has peaks and troughs, and in addition by law, councils must fully fund the depreciation on their assets. For this reason, the change in projected dividends is significant and it will take some time to work through the impact on council assets and services going forward.*

*There are a number of factors which have influenced the state of the assets at the time of reform. In Tasmania, as is current practice across many other states, there has been considerable federal and state investment in water and sewerage infrastructure in recognition that such assets were simply beyond the reach of many councils.*

*For many years, the state-owned Rivers and Water Supply Commission, provided financing to councils to construct infrastructure and, not surprisingly, this was when most water and sewerage schemes were built. Further, by the time of water and sewerage reform, many systems had reached design capacity and new and more stringent standards were introduced. There had been a long lag between any changes in legislated standards, meaning the catch up is significant, but this is not the fault of councils. The limited ability of councils to fund major infrastructure projects is not new, particularly in the context of keeping downward pressure on rates.*

*The 2006 reform of councils' water and sewerage systems was initiated in response to the Federal Government's \$10 billion national water initiative funding. Councils agreed that with funding linked to reform there was an opportunity to modernise assets. However, the investment back into water and sewerage never occurred, although some was allocated to irrigation.*

*Many Tasmanians cannot afford to pay more. Council owners have been working with TasWater in constraining the rate of increase for water and sewerage bills in the face of a demanding reform program. However, pricing increases are the trade-off for the pace of change.*

*Councils are being told they should not seek to increase rates, even to cover the shortfall through loss of dividends. As if councils would want to put further burden on stretched ratepayers if they could avoid it. The rhetoric is nonsensical and unhelpful.*

*This issue is simply bigger than councils and, given the critical importance to the long-term prosperity of Tasmania, it needs investment by all levels of government.*

On the surface it would appear that the Board has taken a decision, which although can be legitimately argued to be in the best interests of Tasmania as a whole, it will be detrimental to owner councils in the short to medium term. This decision was reached and would appear to be contrary to the spirit of the legislation and also the Shareholders' Letter of Expectations.

It is unlikely that the 'egg can now be unscrambled' in relation to the decision reached without significant collateral damage to both TasWater and the Owner Councils. The challenge moving forward is to ensure that in the future the Board appropriately canvasses the views of its owners before making significant decisions of this nature.

In Devonport's case the impact is approximately \$546,000 reduction in dividend income (based on current payments) per year. This is a significant amount of recurrent income that will need to be found elsewhere either from revenue streams or through reduced program expenditure.

There will be a meeting of TasWater Owner Representatives with the Board in early October 2016. It is likely that council representatives will express their concerns regarding the process followed by the Board in reaching its decision without reference to shareholders beforehand.

**COMMUNITY ENGAGEMENT**

There was no engagement in relation to the decision by TasWater Board to determine, without any reference to the owner councils, the reduction on annual distributions to \$20M from 1 July 2018 until the financial year 2024/25.

There has however been significant media coverage of a number of boil water notices and deficient sewerage infrastructure in Tasmania. This has in part led to comment about the responsibility of councils as owners of TasWater to provide sufficient funding to allow the matters to be addressed.

**FINANCIAL IMPLICATIONS**

The impact of the overall 10 year freeze on Devonport's Distribution Profile has previously been provided by TasWater based on the \$30 million dividend pool and was as follows:

Devonport's Distribution Percentage = 5.46%

Assuming distributions were to grow each year at the same rate as revenue, being 4% per annum (FY16 – FY18) and then 5% per annum (FY19 – FY21) and 4% per annum (FY22 onwards) the following would be the impact of the 'freeze':

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Estimate (no moratorium)	1,704	1,772	1,843	1,935	2,031	2,133	2,218	2,307	2,399	2,495
Moratorium	1,638	1,638	1,638	1,638	1,638	1,638	1,638	1,638	1,638	1,638
<b>Impact</b>	<b>(66)</b>	<b>(134)</b>	<b>(205)</b>	<b>(297)</b>	<b>(393)</b>	<b>(495)</b>	<b>(580)</b>	<b>(669)</b>	<b>(761)</b>	<b>(857)</b>

**Summary**

Total Original Distribution Profile \$20,837,000

10 Year Freeze Distribution Profile \$16,380,000

**Shortfall in Distribution Income \$ 4,457,000**

With this latest advice the likely impact using the same base information previously provided by TasWater (but reducing the dividend pool to \$20 million) will be:

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Estimate (no moratorium)	1,704	1,772	1,843	1,935	2,031	2,133	2,218	2,307	2,399	2,495
Moratorium	1,638	1,638	1,638	1,092	1,092	1,092	1,092	1,092	1,092	1,092
<b>Impact</b>	<b>(66)</b>	<b>(134)</b>	<b>(205)</b>	<b>(843)</b>	<b>(939)</b>	<b>(1,041)</b>	<b>(1,126)</b>	<b>(1,215)</b>	<b>(1,307)</b>	<b>(1,403)</b>

**Summary**

Total Original Distribution Profile \$20,837,000

10 Year Freeze Distribution Profile \$12,558,000

**Shortfall in Distribution Income \$ 8,279,000**

Ignoring the information previously provided by TasWater on the expected growth in dividends the current day dollar impact on Devonport (based on its 2015/16 dividend) is as follows:

## Report to Governance and Finance Committee meeting on 19 September 2016

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Estimate (no moratorium)	1,638	1,638	1,638	1,638	1,638	1,638	1,638	1,638	1,638	1,638
Moratorium	1,638	1,638	1,638	1,092	1,092	1,092	1,092	1,092	1,092	1,092
<b>Impact</b>	-	-	-	<b>(546)</b>	<b>(546)</b>	<b>(546)</b>	<b>(546)</b>	<b>(546)</b>	<b>(546)</b>	<b>(546)</b>

**Summary**

Total Original Distribution Profile \$16,380,000

10 Year Freeze Distribution Profile \$12,558,000

**Shortfall in Distribution Income \$ 3,822,000**

The impact of the reduced dividends has now been factored into Council's Long Term Financial Plan. This will require Council to consider strategies for how it will make up this shortfall in revenue projections. It is likely that it will be through both revenue increases and reduced program expenditure/savings.

**RISK IMPLICATIONS**

The primary risk to Council is the impact on its financial activities as a result of the reduced income over an extended period of time.

There is also the reputational damage to either or both Council and TasWater depending on the outcome of further discussions at the Owners Representatives meeting in October.

**CONCLUSION**

There is little doubt that the dividends will be reduced to the level proposed by the TasWater Board. Council will need to review both revenue and expenditure items in the lead up to the 2018/19 financial year to manage the shortfall ensuring the least impact on ratepayers.

**ATTACHMENTS**

Nil

**RECOMMENDATION**

That it be recommended to Council that the report of the General Manager relating to TasWater Dividends be received and it be noted that:

- (a) in all likelihood Council will have reduced dividend payment from TasWater of approximately \$546,000 per annum from 1 July 2018 for a period of seven years, noting that this is on top of the previous freeze placed on dividends since 1 July 2015.
- (b) Council in the lead up to developing the 2018/19 budget review options to address this shortfall through either increased revenue and/or reduced expenditure/programs.

Author:	Paul West
Position:	General Manager

**4.7 ELECTED MEMBERS' EXPENDITURE REPORT - JULY/AUGUST 2016**

File: 22947 D434417

**RELEVANCE TO COUNCIL'S PLANS & POLICIES**

Council's Strategic Plan 2009-2030:

Strategy 5.3.2 Provide appropriate support to elected members to enable them to discharge their functions

**SUMMARY**

To detail expenditure of both the Mayor and Aldermen.

**BACKGROUND**

This report is in response to a Council resolution (Min 49/12 refers) *"That Council be provided with a specific monthly report in relation to expenditure incurred, in excess of statutory allowances, for both the Mayor and Aldermen."*

**STATUTORY REQUIREMENTS**

Under the *Local Government Act 1993* Council is required to publish details of the total allowances and expenses paid to the Mayor, Deputy Mayor and Aldermen in its Annual Report, however there is no obligation to do so at any other time.

**DISCUSSION**

Expenditure processed for the two month period July-August 2016 is detailed below:

**Mayor Steve Martin**

\$ 120.72 Mobile telephone expenses

\$ 515.45 LGAT Conference accommodation and meal expenses

**Alderman Rockliff**

\$ 359.56 LGAT Conference accommodation and meal expenses

**Alderman Jarman**

\$ 437.43 LGAT Conference accommodation and meal expenses

**Alderman Goodwin**

\$ 422.94 LGAT Conference accommodation and meal expenses

**Alderman Laycock**

\$ 445.93 LGAT Conference accommodation and meal expenses

**Alderman Milne**

\$ 616.71 LGAT Conference accommodation and meal expenses including accommodation for attendance at Planning Workshop

**Aldermen**

\$ 533.84 iPad expenses

The attached table sets out the cumulative expenditure for the 2016/17 financial year.

Due to the timing of Credit Card statements and invoices, expenditure will be reported as and when the account is paid. Items in this report may relate to transactions that occurred in previous months.

**COMMUNITY ENGAGEMENT**

There was no community engagement as a result of this report.



**FINANCIAL IMPLICATIONS**

Mayoral and Aldermen expenses are costed to the general ledger account for Aldermen Support.

**RISK IMPLICATIONS**

It is believed there are no risks associated with this report.

**CONCLUSION**

Expenses are reported on a monthly basis in accordance with Council's direction.

**ATTACHMENTS**

1. Cumulative Totals - Year to Date - August 2016

**RECOMMENDATION**

That it be recommended to Council that the report advising of Aldermen expenses be received and noted.

Author:	Karen Hampton	Endorsed By:	Paul West
Position:	Governance Coordinator	Position:	General Manager

### Aldermen Expenses

Cumulative figures - Year to date

Alderman	Mayoral Allowance	Deputy Mayoral Allowance	Aldermen's Allowance	Mileage R'ments	I'Pads	Conference/ Professional Development Attendance	Travel, Accomm & Meal expenses	Meeting expenses	Phone	Other	Total
Mayor Martin	7,822		3,129	2,083	59		515		120		\$ 13,728
Ald Emmerton			3,129		59						\$ 3,188
Ald Goodwin			3,129		59		423				\$ 3,611
Ald Jarman			3,129		59		437				\$ 3,625
Ald Matthews			3,129		59						\$ 3,188
Ald Milne			3,129		59		616				\$ 3,129
Ald Laycock			3,129		59		445				\$ 3,633
Ald Perry			3,129		59						\$ 3,188
Deputy Mayor Rockliff		2,445	3,129		59		360				\$ 5,993
Other Non Attributable											\$ -
<b>TOTAL - YEAR TO DATE</b>	<b>\$ 7,822</b>	<b>\$ 2,445</b>	<b>\$ 28,161</b>		<b>\$ 531</b>	<b>\$ -</b>	<b>\$ 2,796</b>	<b>\$ -</b>	<b>\$ 120</b>	<b>\$ -</b>	<b>\$ 43,283</b>
Budget	53,600	17,000	190,000	12,500	4,300	15,000	10,500	1,500	1,400	-	305,800
<b>BALANCE UNSPENT</b>	<b>\$ 45,778</b>	<b>\$ 14,555</b>	<b>\$ 161,839</b>	<b>\$ 12,500</b>	<b>\$ 3,769</b>	<b>\$ 15,000</b>	<b>\$ 7,704</b>	<b>\$ 1,500</b>	<b>\$ 1,280</b>	<b>\$ -</b>	<b>\$ 262,517</b>
% Spent Year to Date	15%	14%	15%	0%	12%	0%	27%	0%	9%		14%

Note: Council provides a motor vehicle for use by the Mayor - the cost of this vehicle is shown in the Mileage column.

## 4.8 ANNUAL FINANCIAL STATEMENT - 30 JUNE 2016

File: 31641 D433377

### RELEVANCE TO COUNCIL'S PLANS & POLICIES

Council's Strategic Plan 2009-2030:

Strategy 5.5.1 Provide financial services to support Council's operations and meet reporting and accountability requirements

### SUMMARY

This report is provided to present to Council the Annual Financial Statements for the year ended 30 June 2016. The report also details information relating to the carried forward capital works funding as at 1 July 2016 following the completion of the end of year balancing.

### BACKGROUND

The Annual Financial Statements have been prepared in accordance with the requirements of the *Local Government Act 1993*, the *Audit Act 2008* and relevant Accounting Standards.

The Annual Financial Statements are attached to this report, available on Council's website or in 'hard copy' from Customer Services.

### STATUTORY REQUIREMENTS

Section 72 of the *Local Government Act 1993* requires Council to prepare an Annual Report containing the Annual Financial Statements and other statutory requirements. The Annual Report must be considered at the Annual General Meeting, which is to be held no later than 15 December.

The Annual Financial Statements are required to be prepared in accordance with applicable Accounting Standards; Section 84 of the *Local Government Act 1993* and the *Audit Act 2008*.

The *Audit Act 2008* requires that the financial statements are to be prepared within 45 days of the end of the financial year and forwarded to the Auditor-General as soon as practicable. The Tasmanian Audit Office then has a further 45 days to complete the audit of the Statements.

Section 84 (4) of the *Local Government Act 1993* requires that '*the general manager is to ensure that the certified financial statements are tabled at a meeting of the council as soon as practicable*'.

This is the first opportunity for the certified financial statement to be provided formally to Council.

### DISCUSSION

The Annual Financial Statements meet the requirements of the *Local Government Act 1993* and applicable Accounting Standards and have been audited by the Tasmanian Audit Office. An unqualified audit opinion was issued by the Deputy Auditor General on 26 August 2016.

The Annual Financial Report comprises four financial statements, together with notes to the accounts. The 'notes' provide additional detail and explanation to the financial

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 Report to Governance and Finance Committee meeting on 19 September 2016
 

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statements. The Annual Financial Statements fully comply with the accounting standards and Council's statutory obligations. The four primary financial statements are:

1. Statement of Profit or Loss and Other Comprehensive Income
2. Statement of Financial Position
3. Statement of Changes in Equity
4. Statement of Cash Flows

The draft financial statements were referred to the Audit Panel for review at its meeting on 8 August 2016 prior to the audit.

Below is a summary of the results of Council's financial activities during the year.

	<b>Actual \$000</b>	<b>Budget \$000</b>
<b>Ordinary activities</b>		
Total operating income	37,513	37,258
Total operating expenditure	35,749	36,917
<b>Surplus / (Deficit) from ordinary activities</b>	<b>1,764</b>	<b>341</b>
<b>Adjustments</b>		
Financial Assistance Grant received in 2014/15	981	
Loss on Disposal of Assets	(559)	(380)
Share of profit in Dulverton Regional Waste Management Authority	837	105
	1,259	(275)
<b>Underlying Surplus/(Deficit)</b>	<b>3,023</b>	<b>66</b>

Council has achieved a strong underlying surplus of \$3.023M for the 2015/16 financial year. Increased recurrent revenue and a reduction in expenditure have contributed to the positive result.

The generation of surpluses is a good indicator of financial sustainability and helps Council manage debt repayments and maintain cash reserves.

The underlying surplus has been progressively improving over the past few years. Revenue has risen faster than expenditure over this period, despite rate levels being essentially held at 2013/14 levels. The progressive improvement also indicates that the cost management practices introduced by Council are proving to be effective.

### Underlying surplus/(deficit) \$000



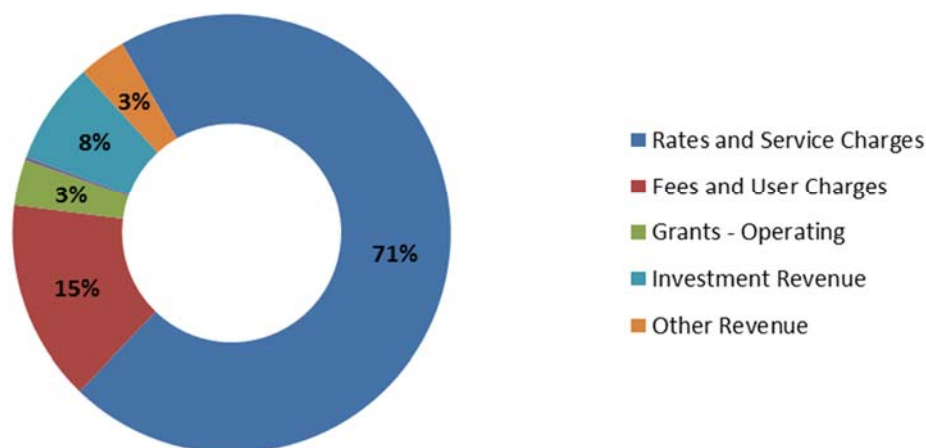
Operating Income	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Rates and Service Charges	26,458	26,384	74
Fees and User Charges	5,558	5,176	382
Grants - Operating	1,286	2,335	(1,049)
Contributions - Operating	82	3	79
Investment Revenue	2,680	2,256	424
Other Revenue	1,449	1,104	345
<b>Total Operating Income</b>	<b>37,513</b>	<b>37,258</b>	<b>255</b>

Total operating revenue was \$255K or 0.7% higher than budget. The major variations include:

- A 7.4% increase in fees and user charges was driven by a number of factors, including increased rental income from property leases, higher than anticipated sale of goods at Council facilities and fees at the Transfer Station. Revenue from parking increased while the revenue from infringements decreased partly due to the investment by Council in the Pay-As-You-Leave car park in Best Street and trialling new technology through the pay-by-phone app.
- Operating grants were 45% below budget due to the decision by the Australian Government to pay two instalments of the 2015/16 Financial Assistance Grant to all councils in June 2015. The total prepayment of \$981K was received on 30 June 2015 and therefore as required included in the results for that year.
- Interest and dividend income was 19% higher than budget due in part to higher cash balances and interest rates than initially anticipated and also increased distributions from Dulverton Regional Waste Management Authority.
- Other revenue includes recovery of utility costs from tenants of Council owned properties, recovery of outstanding amounts referred to collection agencies, insurance claim refunds and commission on ticket sales through the Devonport Entertainment and Convention Centre. Council received \$103K in unbudgeted commission revenue on ticket sales and \$143K share of profits from Belgravia Leisure as part of the management arrangements of the Splash Devonport Aquatic Centre.

The chart below depicts Council's operating income by source for the 2016 financial year:

## Operating Income - 2016



Operating Expenditure	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Employee Benefits	11,389	12,014	(625)
Materials and Services	11,036	11,364	(328)
Depreciation	8,666	8,813	(147)
Financial Costs	1,151	1,167	(15)
Levies and Taxes	3,126	3,127	(1)
Other Expenses	838	1,022	(184)
Internal Charges and Recoveries	(457)	(589)	132
<b>Total Operating Expenditure</b>	<b>35,749</b>	<b>36,917</b>	<b>(1,168)</b>

Total operating expenditure was \$1.168M or 3.16% less than budget. The major variations include:

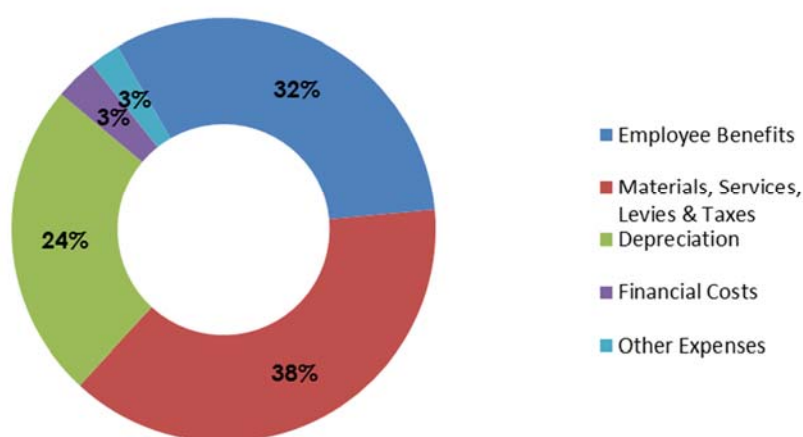
- A reduction in the number of full time equivalents employees (FTE's) from a budget of 152 to 146 together with other employee related savings resulted in a reduction of \$625k or 5.2% in employee benefits.
- Materials and services were 2.9% lower than budget. Savings included reduced operating costs for Council's plant and fleet vehicles and lower than expected expenditure on software licences.
- Depreciation expense was 1.7% lower than budget partly due to a reduction in plant and fleet numbers.
- Finance costs include all interest on borrowings in relation to the LIVING CITY project and the Aquatic Centre. The 1.3% variance between actual and budget related to lower than expected bank charges.

## Report to Governance and Finance Committee meeting on 19 September 2016

- Other expenses include Aldermen expenses, rates remissions, community grants and donations provided and cost of debt referred to collection agencies. The 18% reduction in other expenses when compared to budget includes a reduction in infringement debtors referred to collection agencies and lower than expected rates remissions for the year.
- Internal charges relate to the level of Council resources allocated to the annual capital program. The actual was 22% lower than the budget partly as a result of the reduced number of employees.

The chart below depicts Council's expenditure by type for the 2016 financial year:

### Operating Expenditure - 2016



Capital Expenditure – Council delivered \$12.6M in capital works during the 2015/16 financial year. A reconciliation of the Capital Works Program for 2015/16 is as follows:

	Capital Funding Available				Capital Expenditure		
	C/fw from 2014/15 and adjustments 2015/16	Original Budget Alloc.	Additional Grants Rec'd During Year	Total Budget	Actual	To be C/fw to 2016/17	Unspent / Savings
Public Space/Rec Facilities	668,091	1,296,500		1,964,591	1,569,974	343,995	50,622
Stormwater	23,418	360,000		383,418	165,011	122,418	95,989
Transport	-	739,000		739,000	539,211	55,273	144,516
Plant & Fleet	130,246	4,653,000	449,020	5,232,266	4,518,105	519,722	194,439
Office Equipment	42,391	590,700		633,091	436,225	189,499	7,367
LIVING CITY	15,000	415,000		430,000	223,357	206,643	0
<b>TOTAL CAPITAL WORKS</b>	<b>3,341,822</b>	<b>2,496,000</b>		<b>5,837,822</b>	<b>5,132,907</b>	<b>704,915</b>	<b>0</b>
	<b>\$ 4,220,968</b>	<b>\$10,550,200</b>	<b>\$ 449,020</b>	<b>\$15,220,188</b>	<b>\$ 12,584,790</b>	<b>\$ 2,142,465</b>	<b>\$ 492,933</b>

The 2015/16 capital expenditure increased 74% in dollar terms when compared to the previous year reflecting the progress of the LIVING CITY project. The purchase of the site at 74 Rooke Street during the year secured the final piece of land required for the proposed waterfront precinct development. A substantial deposit was paid to secure the properties in Steele Street to allow for the development of a car park to service the new TasWater regional office and the growing business precinct in this area. The roads program included the continued renewal of William Street and work in East Devonport on Torquay Road. Council continued development of the memorial garden and modern

**Report to Governance and Finance Committee meeting on 19 September 2016**

burial system at the Mersey Vale Cemetery. The upgrading of public toilets and parenting facilities in the Fourways car park and Pioneer Park in East Devonport were also progressed during the year.

A summary of the Council's equity position at 30 June 2016 compared with the previous year was:

<b>Financial Position</b>	<b>2016</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>
Total Assets	531,202	525,555
Total Liabilities	26,290	26,632
<b>Net Community Equity</b>	<b>504,912</b>	<b>498,923</b>
<b>Key Assets and Liabilities (included in Financial Position)</b>		
Cash Assets	16,975	18,658
Property, plant and equipment	411,643	414,929
Council Borrowing	20,507	21,492

Cash assets include operating accounts, trust deposits and investments held by Council at 30 June 2016.

Property, plant and equipment assets decreased by \$3.2M which was the net movement of spending on new and the renewal of existing assets, disposal of assets, depreciation charge and the revaluation of assets. The largest component of the reduction in assets was due to the de-recognition of the former Council offices and other buildings on the site for Stage 1 of LIVING CITY.

Council decreased its loan borrowings by \$985K through the repayment of loan principal. No new borrowings were taken up during the reporting period.

**COMMUNITY ENGAGEMENT**

The preparation of the Annual Report and the conduct of the Annual General Meeting underpins the community engagement in relation to this matter.

A provisional date for the conduct of Council Annual General Meeting is Monday 31 October 2016 commencing at 5:30pm in the Council Chambers. This date will be confirmed by Council at its 26 September meeting.

**FINANCIAL IMPLICATIONS**

Whilst the Annual Financial Statement deals with the finances of Council, there are no direct financial consequences relating to the consideration of this covering report.

At 30 June 2016 a total of \$12.6M had been expended on capital works. A reconciliation of the works completed compared to the original budget has been undertaken.

The following table details the carried forward capital works now identified as a result of the finalisation of the year end reports. A number of projects previously identified as being completed by 30 June 2016 (during the preparation of the 2016/17 budget), or where money was to have been spent and did not eventuate are included in the additional carry forward amount.



## Report to Governance and Finance Committee meeting on 19 September 2016

Project	Budget 2016/17	Updated Budget 2016/17
<b>Public Space &amp; Recreation</b>		
Mersey Vale - Memorial Garden		38,584
Mersey Vale - Modern Burial System	150,000	100,907
Pioneer Park - New Toilets & Parenting Facilities		18,762
Path Renewal (Victoria Pde - Boatramp area)		35,000
Devonport Oval - Practice Wicket Upgrade	20,000	19,200
Pioneer Park - Road Safety Bike Park	80,000	80,000
Sister Cities - 20 year anniversary - Cherry Blossom Trees		5,000
Julie Burgess - interpretive and information signage		10,000
Signage Strategy Actions	36,000	36,542
<b>Transport</b>		
Winspears Road Footpath Renewal		27,238
Parking Infrastructure Renewal	25,000	24,810
Kelcey Tier/Mersey Main Road Junction Improvement		193,225
Devonport Road - McLeod Avenue to Horsehead Creek		131,661
Mersey Road Footpath Renewal		30,902
Stoney Rise Road Footpath (Middle Rd - Friend St)		22,066
Mersey Bluff Caravan Park - internal road improvements	90,000	89,820
<b>Stormwater</b>		
William Street Catchment Upgrade		25,607
Melrose Road - new culvert near #772		29,666
<b>Buildings &amp; Facilities</b>		
Public Art		23,418
Fourways Car Park Toilet & Parenting Facilities Upgrade		15,000
Mersey Vale Cemetery - Depot Shed	80,000	84,000
<b>Plant &amp; Fleet</b>		
Minor Plant Replacements		48,316
Fleet Replacements		141,183
<b>Office &amp; Equipment</b>		
Office Equipment		49,198
Art Acquisition		7,300
BSMC - display cases		5,000
Information Technology		145,145
<b>Living City</b>	1,000,000	704,915
<b>CARRIED FORWARD CAPITAL WORKS</b>	<b>\$ 1,481,000</b>	<b>\$ 2,142,465</b>

The majority of changes in the carried forward totals relate to those projects which were either further advanced than initially estimated when preparing the 2016/17 budget or where some had not commenced or were not quite complete at 30 June 2016. Specific projects that require further commentary are:

1. **Devonport Oval – Practice Wicket Upgrade** – this is essentially a donation to the Cricket Club to assist them with the upgrading of the practice wicket at Devonport Oval. Approximately 50 per cent of the amount was provided to the Club in 2015/16 financial year with the balance to be paid in 2016/17. This project is not able to be capitalised and will be expensed as part of the year end process. For the purposes of funding at this stage the carried forward amount has been adjusted to \$19,200, the amount still to be provided to the Cricket Club.

2. **Sisters Cities – 20-year Anniversary – Cherry Blossom Trees** – Council determined to change the scope of the project and also to purchase advanced trees. A recent decision to provide an interpretive panel has also been made. As a result the original budget of \$2,500 was increased to \$5,000 and this is the amount now to be carried forward.
3. **Devonport Road Reconstruction** – the adopted budget for this project was \$240,000. The tender was issued for \$255,789. Up until 30 June 2016 Council had expended \$247,711 on the project. A number of additional expenses were incurred which were not initially anticipated including service relocations for Aurora, Telstra and Gas. There was additional pavement dig-outs required as well as additional stormwater, subsoil drainage and guardrail. Further as a result of the high rainfall event in June damage to the works amounting to \$15,000 were incurred. The revised estimate for the project is \$379,372 requiring a carried forward amount of \$131,661. The additional amount is sourced from the under expenditure on a number of other projects undertaken in 2015/16 which was approximately \$600,000.
4. **Mersey Vale Cemetery Shed** – the original budget for this project was \$80,000. The total expected cost is now \$85,348. The project commenced prior to 30 June and has subsequently been completed. The carried forward amount has been increased to \$84,000.

#### **RISK IMPLICATIONS**

There are no specific identified risks in relation to the content of this report.

#### **CONCLUSION**

The Annual Financial Report for the year ended 30 June 2016 provides detailed information as to Council's financial performance and position as at balance date.

Copies of the following documents are provided to support this report:

1. Auditor's Opinion
2. Financial Statements for the Year Ended 30 June 2016
3. Report to Those Charged with Governance

The Annual Report is currently being finalised and will be tabled at the Annual General Meeting.

The finalisation of the capital works program for year ended 30 June 2016 identifies that a number of projects by necessity had to be carried forward into the new financial year. This report has detailed the carried forward requirements and recommends that the 2016/17 capital budget be updated accordingly.

#### **ATTACHMENTS**

1. Auditor's Opinion
2. Financial Statements for The year Ended 30 June 2016
3. Report to Those Charged with Governance

**RECOMMENDATION**

That it be recommended to Council that the report of the General Manager relating to the Annual Financial Report for the year ended 30 June 2016 be received and that Council:

- (a) receive the Annual Financial Report and note that it will be included as an Appendix in the 2016 Annual Report; and
- (b) adjust the carried forward capital works projects budget as listed in this report to the value of \$2,142,465.

Author:	Paul West
Position:	General Manager



### Independent Auditor's Report

To the Aldermen of Devonport City Council

Financial Report for the Year Ended 30 June 2016

### Report on the Financial Report

I have audited the accompanying financial report of Devonport City Council (Council), which comprises the statement of financial position as at 30 June 2016 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the General Manager's statement.

### Auditor's Opinion

In my opinion Council's financial report:

- (a) presents fairly, in all material respects, its financial position as at 30 June 2016 and financial performance, cash flows and changes in equity for the year then ended
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

### *The Responsibility of the General Manager for the Financial Report*

The General Manager is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Section 84 of the *Local Government Act 1993*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on my judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those

...1 of 2

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30/08/2016 D436867

risk assessments, I considered internal control relevant to the General Manager's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Manager, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My audit responsibility does not extend to the budget figures included in the statement of profit or loss and other comprehensive income, the asset renewal funding ratio disclosed in note 41, nor the Significant Business Activities disclosed in note 3 to the financial report and accordingly, I express no opinion on them.

#### **Independence**

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements.

The *Audit Act 2008* promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

#### **Tasmanian Audit Office**



E R De Santi  
**Deputy Auditor-General**  
**Delegate of the Auditor-General**

Hobart  
26 August 2016

...2 of 2

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# DEVONPORT CITY COUNCIL

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### Contents

	Page
Statement of Profit or Loss and Other Comprehensive Income	1
Statement of Financial Position as at 30 June 2016	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Reporting Entity	
Note 1 Statement of accounting policies	5
Note 2 Functions / activities	9
Note 3 Significant business activities	11
Note 4 Rates and service charges	13
Note 5 Fees and charges	14
Note 6 Grants	15
Note 7 Contributions	16
Note 8 Investment revenue from TasWater	17
Note 9 Other investment revenue	17
Note 10 Other income	17
Note 11 Employee benefits	18
Note 12 Materials and services	18
Note 13 Depreciation	19
Note 14 Finance costs	19
Note 15 Other expenses	20
Note 16 Net loss on the disposal of assets	20
Note 17 Capital works completed on assets not owned by Council	20
Note 18 Derecognition of assets	20
Note 19 Cash and cash equivalents	21
Note 20 Receivables	21
Note 21 Prepayments	21
Note 22 Investment in TasWater	22
Note 23 Investments in associates	23
Note 24 Property, plant and equipment	24
Note 25 Capital work in progress - at cost	29
Note 26 Payables	29
Note 27 Interest bearing liabilities	29
Note 28 Provisions	30
Note 29 Capital and capital reserves	31
Note 30 Other reserves	32
Note 31 Superannuation	32
Note 32 Commitments	34
Note 33 Contingent liabilities	34
Note 34 Trust funds	34
Note 35 Reconciliation of cash flows from operating activities to surplus / (deficit)	35
Note 36 Joint Authorities	35
Note 37 Related party disclosures	35
Note 38 Controlling Authority transactions	36
Note 39 Events occurring after balance date	36
Note 40 Financial instruments	37
Note 41 Management indicators	45
Note 42 Fair Value Measurements	49
Certification of the Financial Report	53
Independent Audit Report	

## DEVONPORT CITY COUNCIL

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### Statement of Profit or Loss and Other Comprehensive Income

	Note	Budget 2016 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
<b>Income from continuing operations</b>				
<b>Recurrent income</b>				
Rates and service charges	4	26,384	26,458	26,351
Fees and charges	5	5,176	5,558	5,569
Grants	6	2,335	1,286	3,281
Contributions - cash	7	3	82	57
Investment revenue from TasWater	8	1,638	1,551	1,743
Other investment revenue	9	618	1,129	891
Other income	10	1,104	1,449	1,307
<b>Total recurrent income</b>		<b>37,258</b>	<b>37,513</b>	<b>39,199</b>
<b>Capital income</b>				
Capital grants received specifically for new or upgraded assets	6	1,019	1,314	2,134
Contributions - non-monetary assets	7	300	2,268	3,463
Share of profit of associates accounted for by the equity method	23	105	837	411
Net loss on the disposal of property, infrastructure, plant and equipment	16	(360)	(559)	(798)
Capital works completed on assets not owned by Council	17	0	67	(1,106)
Derecognition of assets	18	0	(3,089)	0
<b>Total capital income</b>		<b>1,044</b>	<b>838</b>	<b>4,104</b>
<b>Total income from continuing operations</b>		<b>38,302</b>	<b>38,351</b>	<b>43,303</b>
<b>Expenses from continuing operations</b>				
Employee benefits	11	12,014	11,389	11,585
Materials and services	12	13,901	13,705	12,797
Depreciation	13	8,813	8,666	8,702
Finance costs	14	1,167	1,151	1,211
Other expenses	15	1,022	838	1,202
<b>Total expenses from continuing operations</b>		<b>36,917</b>	<b>35,749</b>	<b>35,497</b>
<b>Result from continuing operations</b>		<b>1,385</b>	<b>2,602</b>	<b>7,806</b>
<b>Net result for the year</b>		<b>1,385</b>	<b>2,602</b>	<b>7,806</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified to surplus / (deficit)</i>				
Fair Value adjustment on Available for Sale Assets	22	0	1,433	671
<i>Items that will not be reclassified to surplus / (deficit)</i>				
Net asset revaluation increment / (decrement) - Council	29	0	1,901	37,846
Net asset revaluation increment / (decrement) - Associates	23	0	53	357
<b>Total other comprehensive income</b>		<b>0</b>	<b>3,387</b>	<b>38,874</b>
<b>Total comprehensive result</b>		<b>1,385</b>	<b>5,989</b>	<b>46,680</b>

The above statement should be read in conjunction with the accompanying notes.

## DEVONPORT CITY COUNCIL

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### Statement of Financial Position as at 30 June 2016

	Note	2016 \$'000	2015 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	19	16,975	18,658
Receivables	20	1,710	1,116
Prepayments	21	76	93
<b>Total current assets</b>		<b>18,761</b>	<b>19,867</b>
<b>Non-Current Assets</b>			
Investment in TasWater	22	85,664	84,231
Investments in associates	23	4,739	3,849
Property, plant and equipment	24	411,643	414,929
Capital work in progress	25	10,395	2,679
<b>Total non-current assets</b>		<b>512,441</b>	<b>505,688</b>
<b>TOTAL ASSETS</b>		<b>531,202</b>	<b>525,555</b>
<b>Current Liabilities</b>			
Payables	26	3,182	2,537
Interest bearing liabilities	27	892	985
Provisions	28	2,146	2,078
<b>Total current liabilities</b>		<b>6,220</b>	<b>5,600</b>
<b>Non-Current Liabilities</b>			
Interest bearing liabilities	27	19,615	20,507
Provisions	28	455	525
<b>Total non-current liabilities</b>		<b>20,070</b>	<b>21,032</b>
<b>TOTAL LIABILITIES</b>		<b>26,290</b>	<b>26,632</b>
<b>NET ASSETS</b>		<b>504,912</b>	<b>498,923</b>
<b>Equity</b>			
Asset revaluation reserve - Council	29	297,302	295,401
Asset revaluation reserve - Associates	29	1,468	1,415
Other reserves	30	9,266	7,833
Accumulated surplus	29	196,876	194,274
<b>TOTAL EQUITY</b>		<b>504,912</b>	<b>498,923</b>

The above statement should be read in conjunction with the accompanying notes.

Page 2



**DEVONPORT CITY COUNCIL****FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016****Statement of Changes in Equity**

<b>2016</b>					
	Asset Revaluation Reserve - Council Note 29 (i) \$'000	Asset Revaluation Reserve - Associate Note 29 (ii) \$'000	Accumulated Surplus Note 29 (iii) \$'000	Other Reserves Note 30 \$'000	Total \$'000
Balance at beginning of year	295,401	1,415	194,274	7,833	498,923
Surplus / (deficit)	0	0	2,602	0	2,602
Other comprehensive income	1,901	53	0	1,433	3,387
Transfers between reserves	0	0	0	0	0
Balance at end of year	297,302	1,468	196,876	9,266	504,912

<b>2015</b>					
	Asset Revaluation Reserve - Council Note 29 (i) \$'000	Asset Revaluation Reserve - Associate Note 29 (ii) \$'000	Accumulated Surplus Note 29 (iii) \$'000	Other Reserves Note 30 \$'000	Total \$'000
Balance at beginning of year	257,555	1,058	186,468	7,162	452,243
Surplus / (deficit)	0	0	7,806	0	7,806
Other comprehensive income	37,846	357	0	671	38,874
Transfers between reserves	0	0	0	0	0
Balance at end of year	295,401	1,415	194,274	7,833	498,923

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## DEVONPORT CITY COUNCIL

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### Statement of Cash Flows

	Note	2016 \$'000	2015 \$'000
<b>Cash flows from operating activities :</b>			
Rates and other user charges		31,404	31,492
Refunds from Australian Taxation Office for GST		1,473	1,163
Interest		541	576
Contributions		82	57
Government grants and subsidies		1,286	3,281
Investment revenue from TasWater		929	1,638
Other receipts		1,449	1,307
Payments to suppliers and employees		(25,975)	(26,344)
Finance Costs		(1,078)	(1,132)
Other payments		(838)	(913)
<b>Net cash flows provided by operating activities</b>	35	<b>9,273</b>	<b>11,125</b>
<b>Cash flows from investing activities :</b>			
Proceeds from sale of non current assets		204	234
Payments for non current assets		(12,023)	(6,989)
Capital grants		1,314	2,134
Other investments		534	296
Repayment of loans from community organisations		0	74
<b>Net cash used in investing activities</b>		<b>(9,971)</b>	<b>(4,251)</b>
<b>Cash Flows from financing activities :</b>			
Proceeds from borrowings		0	2,400
Repayment of borrowings		(985)	(928)
<b>Net cash provided by financing activities</b>		<b>(985)</b>	<b>1,472</b>
Net increase / (decrease) in cash and cash equivalents		(1,683)	8,346
Cash and cash equivalents at beginning of the financial year		18,658	10,312
<b>Cash and cash equivalents at end of the financial year</b>	19	<b>16,975</b>	<b>18,658</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Page 4

# DEVONPORT CITY COUNCIL

## Notes to the Financial Report For the year ended 30 June 2016

### Reporting Entity

- (a) The Devonport City Council was established in 1906 and is a body corporate with perpetual succession and a common seal. Council's main office is located at 17 Fenton Way, Devonport.
- (b) The purpose of the Council is to:
- provide for health, safety and welfare of the community;
  - represent and promote the interests of the community;
  - provide for the peace, order and good government in the municipality.

### 1 Statement of accounting policies

#### Basis of accounting

These financial statements are a general purpose financial report that consists of the Statement of Profit and Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and accompanying notes. The general purpose financial report complies with Australian Accounting Standards and the Local Government Act 1993 (LGA1993) (as amended). Council has determined that it does not have profit generation as a prime objective. Consequently, where appropriate, Council has elected to apply options and exemptions within accounting standards that are applicable to not-for-profit entities.

All amounts are presented in Australian dollars and unless stated, have been rounded to the nearest thousand dollars.

This financial report has been prepared on an accrual and going concern basis. This financial report has been prepared under the historical cost convention, except where specifically stated in Notes 22, 24, 27 and 28.

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

All entities controlled by Council that have material assets or liabilities, such as special committees of management, and material subsidiaries or joint ventures, have been included in this financial report. Where relevant, all transactions between these entities and Council have been eliminated in full. Details of entities not included in this financial report based on their materiality are detailed in Note 38.

#### Judgements and assumptions

In the application of Australian Accounting Standards, Council is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Council has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period. Judgements made by Council that have significant effects on the financial report are disclosed in the relevant notes as follows:

#### Employee entitlements

Assumptions are utilised in the determination of Council's employee entitlement provisions. These assumptions are discussed in Note 28.

#### Defined benefit superannuation fund obligations

Actuarial assumptions are utilised in the determination of Council's defined benefit superannuation fund obligations. These assumptions are discussed in Note 31.

#### Fair Value of Property Plant & Equipment

Assumptions and judgements are utilised in determining the fair value of Council's property, plant and equipment including useful lives and depreciation rates. These assumptions are discussed in Note 1(f) and Note 24.

#### Investment in water corporation

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in Note 22.

**DEVONPORT CITY COUNCIL****Notes to the Financial Report****For the year ended 30 June 2016****1 Statement of accounting policies (continued)****(b) Adoption of new and amended accounting standards**

AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality (effective from 1 July 2015)

The completion of AASB project to remove Australian guidance on materiality from Australian Accounting Standards with the issue of the final amending standard to effect the withdrawal of AASB 1031 Materiality. Guidance is now located in AASB 101 Presentation of Financial Statements.

AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 (effective from 1 January 2016)

The amendments do not require any significant change to current practices, but should facilitate improved reporting, including an emphasis on only including material disclosures, clarity on the aggregation and disaggregation of line items, the presentation and subtotals, the ordering of notes and the identification of significant accounting policies.

AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities (effective from 1 July 2016)

The amendment provides relief to not-for-profit public sector entities from certain disclosures about the fair value measurement of property, plant and equipment held for their current service potential rather than to generate net cash inflows that is categorised within Level 3 of the fair value hierarchy.

**(c) Pending Accounting Standards**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below. (Note: standards are applicable to reporting periods beginning on or after the effective date referred to below).

**(i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities (effective from 1 July 2016)**

The amendments extend the scope to AASB 124 Related Party Disclosures to include not-for-profit public sector entities.

The application of this standard will result in additional disclosures reported in the annual financial statements.

**DEVONPORT CITY COUNCIL****Notes to the Financial Report****For the year ended 30 June 2016****1 Statement of accounting policies (continued)**

- (ii) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation (effective from 1 January 2016)

This amendment introduces a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. In addition to this, there is limited opportunity for presumption to be overcome and clarifies that revenue-based depreciation for property, plant and equipment cannot be used.

The application of this standard is not expected to impact Council.

- (iii) AASB 2014-9 Amendments to Australian Accounting Standards - Equity method in Separate Financial Statements (effective from 1 January 2016)

Under this amendment, the use of the equity method in separate financial statements in accounting for associates, joint ventures and subsidiaries is allowed.

The application of this standard is not expected to impact Council.

- (iv) AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle (effective from 1 January 2016)

Amendments to existing accounting standards, particularly in relation to:

IFRS 5 - guidance on changes in method of disposal;

IFRS 7 - clarifies continuing involvement for service contracts and also clarifies offsetting disclosures are not specifically required in interim financial statements, but may be included under general requirements of IAS 34;

IAS 19 - clarifies that discount rates used should be in the same currency as the benefits are to be paid; and

IAS 34 - clarifies that disclosures may be incorporated in the interim financial statements by cross-reference to another part of the interim financial report.

The application of this standard is not expected to impact Council.

- (v) AASB 1057 Application of Australian Accounting Standards, AASB 2015-9 Amendments to Australian Accounting Standards - Scope and Application Paragraphs (effective from 1 January 2016)

The AASB has reissued most of its Standards (and Interpretations) that incorporate IFRSs to make editorial changes. The editorial changes will enable the AASB to issue Australian versions of IFRS more efficiently. As part of the reissuance, the AASB has moved the application paragraphs that identify the reporting entities and general purpose financial statements to which the pronouncements apply to a new Standard, AASB 1057 Application of Australian Accounting Standards. However, the technical application requirements have not been amended.

The application of this standard is not expected to impact Council.

- (vi) AASB 9 Financial Instruments and the relevant amending standards (effective from 1 January 2018)

AASB 9 is one of a series of amendments that are expected to replace AASB 139 Financial Instruments: Recognition and Measurement. The main impact of the standard is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four categories of financial assets in AASB 139 will be replaced with two measurement categories: fair value and amortised cost.

Amortised cost is to be used for assets with contractual terms giving rise to principal and interest payments.

Fair value is to be used for all other financial assets. Gains or losses on financial assets of fair value are to be recognised in profit and loss unless the asset is part of a hedging relationship or an irrevocable election has been made to present in other comprehensive income changes in the fair value of an equity instrument not held for trading.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

**DEVONPORT CITY COUNCIL****Notes to the Financial Report****For the year ended 30 June 2016****1 Statement of accounting policies (continued)**

- (vii) **AASB 15 Revenue from Contracts with Customers, and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 (effective from 1 January 2018)**  
Under the new standard, a single model that applies to contracts with customers and two approaches to recognising revenue, at a point in time or over time is proposed. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.  
The new standard will apply to contracts of not-for-profit entities that are exchange contracts. AASB 1004 Contributions will continue to apply to non-exchange transactions until the Income from Transactions of Not-for-Profit Entities project is completed.  
The impact of the standards application has not been assessed at balance date due to its effective date.
- (viii) **AASB 16 Leases (effective from 1 January 2019)**  
AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.  
The impact of the standards application has not been assessed at balance date due to its effective date.
- (ix) **Disclosure initiative - Amendments to AASB 107 (effective from 1 January 2017)**  
Amendments to AASB 107 will see the introduction of additional disclosures to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as effects of changes in foreign exchange rates and changes in fair values).
- (d) **Allocation between current and non-current**  
In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being Council's operational cycle, or if Council does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.
- (e) **Taxation**  
Council is exempt from all forms of taxation except Fringe Benefits Tax, Payroll Tax and the Goods and Services Tax.  
  
*Goods and Services Tax (GST)*  
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.  
  
Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.
- (f) **Impairment of assets**  
At each reporting date, Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of profit or loss and other comprehensive income, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset. For non-cash generating assets of Council such as roads, drains, public buildings and the like, value in use is represented by the deprival value of the asset approximated by its written down replacement cost.
- (g) **Rounding**  
Unless otherwise stated, amounts in the financial report have been rounded to the nearest thousand dollars.
- (h) **Budget**  
The budgeted revenue and expense amounts in the Statement of Profit or Loss and Other Comprehensive Income represent original budget amounts adopted on 22 June 2015 and are not audited.

## DEVONPORT CITY COUNCIL

### Notes to the Financial Report For the year ended 30 June 2016

#### 2 Functions / activities

##### (a) Council's functions and activities

Revenue, expenses and assets have been attributed to the following functions :

Programs	Revenue		Expenses	Surplus/(deficit) for Year	Assets
	Grants	Other			
	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000
Corporate	1,071	27,021	8,937	19,155	104,680
Community, Cultural & Recreation	269	1,449	7,129	(5,411)	4,545
Parking	0	2,642	1,362	1,280	9,383
Economic Development	0	720	1,539	(819)	12,157
Roads	1,260	1,320	7,647	(5,067)	126,619
Stormwater	0	844	1,885	(1,041)	68,093
Waste Management	0	3,982	4,086	(104)	2,286
Parks & Gardens	0	343	4,736	(4,393)	163,850
Buildings	0	3	497	(494)	36,214
Infrastructure Administration	0	121	(60)	181	3,251
Regulatory Services	0	887	1,572	(685)	124
<b>TOTAL</b>	<b>2,600</b>	<b>39,332</b>	<b>39,330</b>	<b>2,602</b>	<b>531,202</b>

##### Prior Year

Programs	Revenue		Expenses	Surplus/(deficit) for Year	Assets
	Grants	Other			
	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000
Corporate	3,053	26,358	5,910	23,501	101,393
Community, Cultural & Recreation	521	1,246	7,725	(5,958)	4,193
Parking	0	2,701	1,516	1,185	8,972
Economic Development	0	843	1,084	(241)	11,345
Roads	1,841	2,742	8,594	(4,011)	123,180
Stormwater	0	336	1,809	(1,473)	64,643
Waste Management	0	3,959	3,929	30	0
Parks & Gardens	0	270	4,554	(4,284)	151,394
Buildings	0	311	572	(261)	38,615
Infrastructure Administration	0	211	(29)	240	21,721
Regulatory Services	0	815	1,737	(922)	99
<b>TOTAL</b>	<b>5,415</b>	<b>39,792</b>	<b>37,401</b>	<b>7,806</b>	<b>525,555</b>

##### (b) Reconciliation of Assets from note 2 with the Statement of Financial Position at 30 June:

	2016 \$'000	2015 \$'000
Current assets	18,761	19,867
Non-current assets	512,441	505,688
	<b>531,202</b>	<b>525,555</b>

**DEVONPORT CITY COUNCIL**

Notes to the Financial Report  
For the year ended 30 June 2016

**2 Functions / activities****(c) - Council's programs and activities**

The activities relating to the Programs in Note 2 (a) are as follows

**CORPORATE**

*This Program includes the following activities*

Executive Management  
Receptions & Functions  
Communication  
Emergency Management  
Corporate Services  
Administration  
Elected Members Support  
Risk Management  
Human Resource Management  
Information Technology  
Payroll Services  
Accounting & Finance  
Customer Services

**COMMUNITY, CULTURAL AND RECREATION**

*This Program includes the following activities*

Community Development  
Community Financial Assistance  
Devonport Regional Gallery  
Devonport Aquatic Centre  
Devonport Recreation Centre  
East Devonport Recreation Centre  
Devonport Entertainment & Convention Centre  
Visitor Information Centre  
Events & Marketing  
Bass Strait Maritime Centre  
Home Hill  
Tiagarra

**ECONOMIC DEVELOPMENT**

*This Program includes the following activities*

Living City Project  
Economic Development

**PARKING**

Parking

**ROADS**

*This Program includes the following activities*

Roads maintenance  
Street Lighting

**STORMWATER**

*This Program includes the following activities*

Stormwater maintenance

**WASTE MANAGEMENT**

*This Program includes the following activities*

Waste Management Operations

**PARKS & GARDENS**

*This Program includes the following activities*

Parks & Open Space maintenance  
Cemetery Operations

**BUILDINGS**

*This Program includes the following activities*

Building Maintenance

**INFRASTRUCTURE ADMINISTRATION**

*This Program includes the following activities*

Project Management  
Engineering Services  
Plant Services

**REGULATORY SERVICES**

*This Program includes the following activities*

Town Planning & Development  
Building Permit Authority  
Plumbing Assessment & Inspections  
Environmental Health Services  
Animal Control



**DEVONPORT CITY COUNCIL****Notes to the Financial Report  
For the year ended 30 June 2016****3 Significant business activities**

The operating capital and competitive neutrality costs of the Council's significant business activities:

	2016		
	Parking	Waste Management	Devonport Entertainment & Convention Centre
	\$'000	\$'000	\$'000
<b>Operating Statement</b>			
<b>Revenue</b>			
Fees and charges	1,629	3,975	282
Donated assets	0	0	0
Other	1,013	0	136
Grants and contributions	0	0	0
<b>Total revenue</b>	<b>2,642</b>	<b>3,975</b>	<b>418</b>
<b>Expenses - Direct</b>			
Employee costs	295	457	405
Materials and services	749	3,581	364
Levies and taxes	170	3	36
<b>Total expenses (before depreciation)</b>	<b>1,214</b>	<b>4,041</b>	<b>805</b>
<b>Capital costs</b>			
Depreciation expense	148	45	157
Opportunity cost of capital	2.5%	229	56
(Gain) / loss on sale of non-current assets	0	0	0
	<b>377</b>	<b>101</b>	<b>263</b>
<b>Competitive neutrality adjustments</b>			
Loan guarantee fees	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>
<b>Calculated surplus / (deficit)</b>	<b>1,280</b>	<b>(111)</b>	<b>(544)</b>
<b>Income Tax Equivalent Rate 30%</b>			
Income tax equivalent	384	0	0
<b>Total fully attributed costs</b>	<b>1,975</b>	<b>4,142</b>	<b>1,068</b>

**DEVONPORT CITY COUNCIL****Notes to the Financial Report****For the year ended 30 June 2016****3 Significant business activities (cont)**

	2015
	<b>Parking</b>
	<b>\$'000</b>
<b>Operating Statement</b>	
<b>Revenue</b>	
Fees and charges	1,502
Donated assets	0
Other	1,197
Grants and contributions	2
<b>Total revenue</b>	<b>2,701</b>
<b>Expenses - Direct</b>	
Employee costs	310
Materials and services	961
Levies and taxes	103
<b>Total expenses (before depreciation)</b>	<b>1,374</b>
<b>Capital costs</b>	
Depreciation expense	142
Opportunity cost of capital	224
(Gain) / loss on sale of non-current assets	0
	<b>366</b>
<b>Competitive neutrality adjustments</b>	
Loan guarantee fees	0
	<b>0</b>
<b>Calculated surplus / (deficit)</b>	<b>1,185</b>
<b>Income Tax Equivalent Rate 30%</b>	
Income tax equivalent	356
<b>Total fully attributed costs</b>	<b>2,096</b>

**Accounting policy**

Council is required to report the operating, capital and competitive neutrality costs in respect of each significant business activity undertaken by the Council. Council's disclosure is reconciled above. Council has determined, based upon materiality that Parking and Waste Management as defined above are considered significant business activities. In the past Roads and Stormwater functions had been disclosed, however these activities have been removed from the note as they did not satisfy the assessment criteria. Competitive neutrality costs include notional costs i.e. income tax equivalent, rates and loan guarantees. In preparing the information disclosed in relation to significant business activities, the following assumptions have been applied:

- the opportunity cost of capital is calculated at 2.5% of assets; and
- Income tax equivalents are calculated using the company tax rate

Waste Management and the Devonport Entertainment and Convention Centre have been identified as a significant business activity for the first time in 2016 and as such no comparative data is disclosed for 2015.

**DEVONPORT CITY COUNCIL**

Notes to the Financial Report  
For the year ended 30 June 2016

**4 Rates and service charges**

Council uses Assessed Annual Value as the basis of valuation, for rating purposes, of all properties within the municipal area. An assessed annual valuation is an assessment of the rental value of a property or a 4% minimum of capital value, at a specific date and in accordance with legislation. The Valuer-General determines the AAV under the Valuation of Land Act 2001.

	2016 \$'000	2015 \$'000
General rates	20,454	20,512
Penalty income from overdue rates and charges	115	114
Waste management rates & charges	3,450	3,422
Fire Service Levy	<u>2,439</u>	<u>2,303</u>
Total rates and service charges	<u>26,458</u>	<u>26,351</u>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 July 2014, and the valuation was first applied in the rating year commencing 1 July 2015.

**Accounting Policy**

Rate income is recognised as revenue when Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates. A provision for impairment on rates has not been established as unpaid rates represents a charge against the rateable property that will be recovered when the property is next sold.

**DEVONPORT CITY COUNCIL****Notes to the Financial Report  
For the year ended 30 June 2016****5 Fees and charges**

Admission charges	224	232
Animal registrations	97	96
Cemetery fees	201	187
Certificate charges	186	161
Development fees	367	388
Equipment hire fees	14	9
Facility hire	207	225
Fines	734	873
Licences	74	70
Parking fees	1,629	1,502
Property leases & rental	1,065	1,133
Sales of goods	235	229
Waste management fees	525	464
<b>Total fees and charges</b>	<b>5,558</b>	<b>5,569</b>

**Aging analysis of contractual receivables**

Refer to Note 40e for the aging analysis of contractual receivables.

**Accounting Policy****Fees and fines**

Fees and fines (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs. A provision for impairment is recognised when collection in full is no longer probable. Aged infringement debtors are forwarded to the Monetary Penalties Enforcement Service for collection on Council's behalf, and recorded as an expense at that time. Any amounts recovered by the Monetary Penalties Enforcement Service are recorded as income when received.

**Property leases and rentals**

Rents are recognised as revenue when the payment is due or the payment is received, whichever first occurs. Rent payments received in advance are recognised as a liability until they are due.

**Operating leases as lessor**

Council is a lessor and enters into agreements with a number of lessees. These include commercial and non-commercial agreements. Lease income from operating leases where Council is a lessor is recognised as income on a straight-line basis over the lease of the term.

Where leases are non-commercial agreements, these are generally with a not for profit, such as sporting organisations. In these cases subsidised or peppercorn rents may be charged because Council recognises part of its role is community service and community support. In these situations, Council records lease revenue on an accruals basis and records the associated properties as part of land and buildings within property, plant and equipment. Buildings are recognised at fair value.

Where leases are commercial agreements, and properties leased are predominantly used for leasing to third parties, Council records lease revenue on an accruals basis. As stated in Note 24, property purchased as part of the LIVING CITY project is accounted for as land and buildings under AASB 116 Property, Plant and Equipment and not AASB 140 Investment Properties. Buildings are recognised at fair value. These leases may include incentives which have not been recognised in the Statement of Financial Position, on the basis the amounts are unlikely to be material and could not be reliably measured at balance date.

**Sale of goods**

Sale of goods are recognised as revenue when the product or service has been provided.

**DEVONPORT CITY COUNCIL****Notes to the Financial Report  
For the year ended 30 June 2016**

	2016 \$'000	2015 \$'000
<b>6 Grants</b>		
<b>Grants - Recurrent</b>		
Commonwealth Government Financial Assistance Grants - General Purpose	414	1,123
Commonwealth Government Financial Assistance Grants - Roads	570	1,843
Arts	63	63
Community projects	150	154
Roads	87	87
Youth activities	2	3
Energy Efficiencies	0	8
<b>Total recurrent grants</b>	<b>1,286</b>	<b>3,281</b>

The Australian Commonwealth Government provides Financial Assistance Grants to Council for general purpose use and the provision of local roads. On 29 June 2015 the Australian Government announced it would prepay two instalments of the 2015/16 grant pool in 2014/15. In accordance with AASB1004 Contributions, Council recognises these grants as revenue when it receives the funds and obtains control. The effect of the early receipt of instalments has resulted in Commonwealth Government Financial Assistance Grants being below that originally budgeted in 2015/16 by \$981,251.

**Capital grants received specifically for new or upgraded assets**

Roads to recovery	1,069	374
Block Spot Program	85	140
Community projects	0	127
State Government - Road Projects	105	1,200
Community Energy Efficiency Program	55	293
<b>Total capital grants</b>	<b>1,314</b>	<b>2,134</b>
<b>Total grants</b>	<b>2,600</b>	<b>5,415</b>

Non-reciprocal grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:

<b>Operational Grants</b>		
Financial assistance grant	0	981

**Accounting Policy**

Grant income is recognised as revenue when Council obtains control over the assets comprising the receipt. Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

Where grants recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant is also disclosed. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the year.

Unreceived grants over which Council has control are recognised as receivables.

**DEVONPORT CITY COUNCIL****Notes to the Financial Report  
For the year ended 30 June 2016**

	2016 \$'000	2015 \$'000
<b>6 Grants (continued)</b>		
Non-reciprocal grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
<b>Grants - Recurrent</b>		
Federal assistance	<u>981</u>	<u>0</u>
<b>7 Contributions</b>		
<b>Contributions - cash</b>		
Training contributions	1	24
Sundry	63	33
Developer Contribution	18	0
<b>Total contributions - cash</b>	<u>82</u>	<u>57</u>
<b>Contributions - non-monetary assets</b>		
Infrastructure from developers at fair value		
Land	440	51
Roads	964	636
Stormwater	842	336
Other infrastructure	22	26
<b>Total contributions from developers</b>	<u>2,268</u>	<u>1,049</u>
<b>Assets at initial recognition - non-monetary assets</b>		
Infrastructure taken up at fair value		
Land	0	2,103
Buildings	0	311
<b>Total assets at initial recognition - non monetary</b>	<u>0</u>	<u>2,414</u>
<b>Total contributions - non monetary assets</b>	<u>2,268</u>	<u>3,463</u>
<b>Total contributions</b>	<u>2,350</u>	<u>3,520</u>

**Accounting Policy**

Contributions are recognised as revenue when Council obtains control over the assets comprising the receipt.

Revenue is recognised when Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to Council and the amount of the contribution can be measured reliably.

Non-monetary contributions (including developer contributions) with a value in excess of the recognition thresholds, are recognised as revenue and as non-current assets.

**DEVONPORT CITY COUNCIL****Notes to the Financial Report  
For the year ended 30 June 2016**

	2016 \$'000	2015 \$'000
<b>8 Investment revenue from TasWater</b>		
Dividend revenue	1,110	1,208
Tax equivalent	308	408
Guarantee fee	<u>133</u>	<u>127</u>
Total investment revenue from TasWater	<u>1,551</u>	<u>1,743</u>
<b>Accounting Policy</b>		
Distributions are recognised when Council's right to receive payment is established.		
<b>9 Other investment revenue</b>		
Interest received from investments	563	575
Dulverton Regional Waste Management Authority	<u>566</u>	<u>316</u>
Total other investment revenue	<u>1,129</u>	<u>891</u>
<b>Accounting Policy</b>		
Interest is recognised progressively as it is earned. Distributions are recognised when Council's right to receive payment is established.		
<b>10 Other income</b>		
Commission	273	225
Recoverables	459	468
Miscellaneous	<u>717</u>	<u>614</u>
Total Other revenue	<u>1,449</u>	<u>1,307</u>

**DEVONPORT CITY COUNCIL**Notes to the Financial Report  
For the year ended 30 June 2016

	2016 \$'000	2015 \$'000
<b>11 Employee benefits</b>		
Total wages and salaries	8,475	8,635
Annual long service leave entitlements	1,123	1,089
Superannuation (Note 31)	<u>1,089</u>	<u>1,107</u>
	10,687	10,831
Other employee related expenses	<u>993</u>	<u>1,067</u>
	11,680	11,898
Less amounts capitalised	<u>(291)</u>	<u>(313)</u>
	<u><b>11,389</b></u>	<u><b>11,585</b></u>

**Accounting Policy**

Employee benefits include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

**12 Materials and services**

Advertising, printing & other office costs	412	365
Computer services and maintenance	375	444
Consultants	452	435
Contractors	4,911	4,264
General - services & materials	1,391	1,382
Insurance	262	277
Levies & taxes	3,126	2,659
Memberships - organisations	264	275
Plant expenses	578	657
Professional services	208	337
Telephone & postage services	135	139
Utilities	<u>1,591</u>	<u>1,563</u>
	<u><b>13,705</b></u>	<u><b>12,797</b></u>

**Accounting Policy**

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.



**DEVONPORT CITY COUNCIL**Notes to the Financial Report  
For the year ended 30 June 2016

	2016 \$'000	2015 \$'000
<b>13 Depreciation</b>		
Parks and open space	185	177
Buildings	1,269	1,355
Plant	626	638
Furniture and fittings	529	581
Roads	3,906	3,822
Stormwater	1,072	1,051
Other Infrastructure	1,066	1,066
Cultural and heritage	13	12
	<u>8,446</u>	<u>8,702</u>

**Accounting Policy**

Buildings, land improvements, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis and depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and remaining values and a separate depreciation rate is determined for each component.

Land, artworks and road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

Straight line depreciation is charged based on the residual useful life as determined each year.

Major depreciation periods used are listed below and are consistent with the prior year unless otherwise stated:

	Basis of Depreciation	Useful Life
Land	Not depreciated	Unlimited life
Parks and Open Space	Straight line	2 - 100 years
Buildings	Straight line	20 - 135 years
Plant	Straight line	2 - 50 years
Furniture and Fittings	Straight line	1 - 50 years
Roads	Straight line	15 - 100 years
Stormwater	Straight line	15 - 100 years
Other Infrastructure	Straight line	10 - 150 years
Cultural and Heritage	Majority not depreciated	5 years - Unlimited life

	2016 \$'000	2015 \$'000
<b>14 Finance costs</b>		
Bank charges	73	79
Interest - borrowings	1,078	1,132
	<u>1,151</u>	<u>1,211</u>

**Accounting Policy**

Finance costs are expensed as incurred using the effective interest method.

**DEVONPORT CITY COUNCIL****Notes to the Financial Report  
For the year ended 30 June 2016**

	2016 \$'000	2015 \$'000
<b>15 Other expenses</b>		
General expenses	60	155
Bad and doubtful debts	180	289
Councillors' remuneration	250	271
Grants and community benefits	348	487
	<u>838</u>	<u>1,202</u>

Audit fees paid or payable to conduct the external audit for 2015/16 total \$46,950 (2014/15: \$45,700)  
Councillors' remuneration represents allowances payable in accordance with Section 340A of the Local Government Act 1993; Regulation 42 of the Local Government (General) Regulations 2005; and Council's "Payment of Aldermen's Allowances, Expenses and Provision of Facilities Policy".

**16 Net loss on the disposal of assets**

Proceeds from sale	204	234
Written down value of assets disposed	<u>(763)</u>	<u>(1,032)</u>
	<u>(559)</u>	<u>(798)</u>

**Accounting Policy**

The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

**17 Capital works completed on assets not owned by Council**

Capital works on assets not owned by Council	<u>67</u>	<u>(1,106)</u>
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2015/16 construction work relates to the final handover of assets to the Department of State Growth in relation to the roundabout at Stony Rise Road. Council and the State Government agreed that \$67,000 of the assets identified will remain Council assets and not be transferred to the Department of State Growth.

2014/15 construction work undertaken on assets not owned by Council relate to a roundabout located at Stony Rise Road transferred to the Department of State Growth following construction. Council received a grant of \$1,200,000 to complete this work.

**18 Derecognition of assets**

Derecognition of buildings	<u>(3,089)</u>	<u>0</u>
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As part of the LIVING CITY Masterplan, Council have relocated offices from 44-48 Best Street to 17 Fenton Way. As the building is no longer in use at 30 June and demolition was planned in the coming weeks, Council derecognised the building at 30 June, resulting in a loss on derecognition of \$3,020,586. As part of the LIVING CITY Masterplan, demolition of the building at 13 Oldaker Street and 145A Rooke Street also commenced. The buildings have been derecognised at 30 June resulting in a loss on derecognition of \$38,761 and \$29,807 respectively.

**DEVONPORT CITY COUNCIL****Notes to the Financial Report  
For the year ended 30 June 2016**

	2014 \$'000	2015 \$'000
<b>19 Cash and cash equivalents</b>		
Cash at bank and on hand	3,428	1,395
Investments	<u>13,547</u>	<u>17,263</u>
	<u>16,975</u>	<u>18,658</u>

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:

- Grants received in advance (Note 6)	0	981
- Leave provisions (Note 28)	2,601	2,603
- Trust funds and deposits (Note 34)	<u>183</u>	<u>215</u>
Restricted Funds	<u>2,784</u>	<u>3,799</u>
Total unrestricted cash and cash equivalents	<u>14,191</u>	<u>14,859</u>

**Accounting Policy**

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

**20 Receivables****(i) Current receivables**

Rates and utility charges	[3]	93
Infringement debtors	114	89
Sundry debtors	360	520
Planning & health debtors	10	10
Net GST receivable	239	135
Accrued revenue	<u>990</u>	<u>269</u>
Total current receivables	<u>1,710</u>	<u>1,116</u>

Receivables are recognised at their amortised cost less an allowance for impairment losses.

**Accounting Policy**

Receivables are carried at cost. A provision for impairment is recognised only when collection in full is no longer probable. Aged infringement debtors are forwarded to the Monetary Penalties Enforcement Service for collection on Council's behalf, and recorded as an expense at that time. Any amounts recovered by the Monetary Penalties Enforcement Service are recorded as income when received.

**21 Prepayments**

Current Prepayments	<u>76</u>	<u>93</u>
	<u>76</u>	<u>93</u>

**DEVONPORT CITY COUNCIL**

Notes to the Financial Report  
For the year ended 30 June 2016

	2016 \$'000	2015 \$'000
<b>22 Investment in TasWater</b>		
Opening Balance	84,231	83,560
Fair Value adjustments on Available-for-Sale Assets	<u>1,433</u>	<u>671</u>
Total investment in TasWater	<u><b>85,664</b></u>	<u><b>84,231</b></u>

Council has derived returns from TasWater as disclosed at Note 8.

**Accounting Policy**

Council's investment in TasWater is valued at its fair value at balance date. Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2016, Council held a 5.44% ownership interest in TasWater which is based on schedule 2 of the Corporation's Constitution which reflects the Council's voting rights. Any unrealised gains and losses are recognised through the Statement of Profit or Loss and Other Comprehensive Income to a Fair Value Investment Reserve each year. (Refer note 30)

Council has classified this asset as an Available-for-Sale financial asset as defined in AASB 139 Financial Instruments: Recognition and Measurement and has followed AASB 132 Financial Instruments: Presentation and AASB 7 Financial Instruments: Disclosures to value and present the asset in the financial report.

**DEVONPORT CITY COUNCIL****Notes to the Financial Report  
For the year ended 30 June 2016**

	2016 \$'000	2015 \$'000
<b>23 Investments in associates</b>		
Investments in associates accounted for by the equity method are as follows:		
Dulverton Regional Waste Management Authority	<u>4,739</u>	<u>3,849</u>
<b>Dulverton Regional Waste Management Authority</b>		
Dulverton Regional Waste Management Authority is a Joint Authority established under the Local Government Act 1993(as amended). Further information is provided in Note 36 (i).		
Council's ownership interest in the Authority at 30 June 2016 was 43.45% (43.45% in 2015).		
<b>Reconciliation</b>		
Reconciliation of the carrying amount of the beginning and end of the current and previous period is set out below:		
Authority's profit/(loss) before tax	2,774	2,069
Add: Prior year adjustment	384	(302)
Less: Authority's tax expense	<u>(834)</u>	<u>(621)</u>
Authority's profit/(loss) after tax	<u>2,324</u>	<u>1,146</u>
Council's equity interest	43.45%	43.45%
Percentage share of profit after tax	<u>1,011</u>	<u>498</u>
Share of dividends paid by Authority	<u>(174)</u>	<u>(87)</u>
<b>Share of profit of Authority recognised in Income Statement</b>	<u><b>837</b></u>	<u><b>411</b></u>
<b>Movement in carrying value of investment</b>		
Carrying amount at beginning of period	3,849	3,081
Council's share of profit after tax	837	411
Share of asset revaluation	<u>53</u>	<u>357</u>
<b>Fair value of the period end</b>	<u><b>4,739</b></u>	<u><b>3,849</b></u>

The Authority's assets, liabilities and revenue for the relevant financial years were:

Total Assets	17,011	14,646
Total Liabilities	6,104	5,787
Revenue	9,124	8,260

The investment value in Dulverton Regional Waste Management Authority recognised in the 2016 financial year is based on draft financial results, as provided to Council for inclusion in its financial report. Any final adjustments will be recognised by Council in the 2017 financial year.

**Accounting Policy**

Council's investment in associates is accounted for by the equity method as Council has the ability to influence rather than control the operations of the entity. The investment is initially recorded at the cost of acquisition and adjusted thereafter for post-acquisition changes in Council's share of the net assets of the entity. Council's share of the financial result of the entity is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

**DEVONPORT CITY COUNCIL**Notes to the Financial Report  
For the year ended 30 June 2016

	2016 \$'000	2015 \$'000
<b>24 Property, plant and equipment</b>		
(a) (i) Land		
at fair value	<u>148,772</u>	<u>147,432</u>
Freehold land is comprised of the following :		
Parks, Reserves & General land	33,072	32,774
Other land (including under infrastructure)	<u>115,700</u>	<u>114,658</u>
	<u>148,772</u>	<u>147,432</u>
(ii) Parks and open space		
at fair value	21,779	5,784
Less : Accumulated depreciation on improvements	<u>8,206</u>	<u>2,069</u>
	<u>13,573</u>	<u>3,715</u>
(iii) Buildings		
at fair value	87,503	90,168
Less: Accumulated depreciation	<u>39,299</u>	<u>41,560</u>
	<u>48,204</u>	<u>48,608</u>
(iv) Plant		
at cost	6,899	7,164
Less: Accumulated depreciation	<u>4,057</u>	<u>3,902</u>
	<u>2,842</u>	<u>3,262</u>
(v) Furniture and fittings		
at cost	5,696	5,079
Less: Accumulated depreciation	<u>3,339</u>	<u>2,562</u>
	<u>2,357</u>	<u>2,517</u>
(vi) Total cultural and heritage assets		
at fair value	4,683	4,220
Less: Accumulated depreciation	<u>138</u>	<u>27</u>
	<u>4,545</u>	<u>4,193</u>
(vii) Total infrastructure assets		
at fair value	390,339	407,325
Less: Accumulated depreciation	<u>198,989</u>	<u>202,123</u>
	<u>191,350</u>	<u>205,202</u>
Infrastructure assets comprise:		
Roads	123,630	122,522
Stormwater	67,720	64,267
Other infrastructure assets	<u>0</u>	<u>18,413</u>
	<u>191,350</u>	<u>205,202</u>
<b>Total net value of non current assets</b>	<u><b>411,643</b></u>	<u><b>414,929</b></u>

Information relating to the determination of Fair Value for each relevant asset class is included at Note 42.

**(c) Internal transfers**

During the year Council determined to reallocate Other Infrastructure across existing asset classes to improve asset management processes. The total assets transferred is \$28,444,123 with accumulated depreciation of \$10,325,916 resulting in a net amount transferred of \$18,118,207. The impact on other asset classes is shown in this Note.

## DEVONPORT CITY COUNCIL

### Notes to the Financial Report For the year ended 30 June 2016

#### Accounting Policy

##### Acquisition and Recognition

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.

Assets acquired as part of the LIVING CITY project have been accounted for under AASB 116 Property, Plant and Equipment and not AASB 140 Investment Properties. AASB 140 allows not for profit organisations to account for assets purchased for strategic purposes under AASB 116.

Property, infrastructure, land and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

The asset capitalisation threshold adopted by Council varies by class, as detailed below. Assets valued at less than the specified threshold are charged to the Statement of Profit or Loss and Other Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total).

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, and an appropriate share of directly attributable variable and fixed overheads.

In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

	<u>Threshold</u>
Land	NA
Parks and Open Space	2,000
Buildings	5,000
Plant	1,000
Furniture and Fittings	1,000
Cultural and Heritage	NA
Infrastructure assets	
- Roads	5,000
- Stormwater	2,000
- Other Infrastructure	2,000

##### Revaluation

Council has adopted the following valuation bases for its non-current assets:

Land	fair value
Parks and Open Space	fair value
Buildings	fair value
Plant	cost
Furniture and Fittings	cost
Cultural and Heritage	fair value
Roads	fair value
Stormwater	fair value
Other Infrastructure	fair value

Subsequent to the initial recognition of assets, non-current physical assets, other than plant, equipment and office furniture, are measured at their fair value in accordance with AASB 116 Property, Plant & Equipment and AASB 13 Fair Value Measurement. At balance date, Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset class materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

**DEVONPORT CITY COUNCIL**

Notes to the Financial Report  
For the year ended 30 June 2016

**Recognition and measurement of assets**

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis to ensure valuations represent fair value. The valuation is performed either by experienced Council officers or independent experts.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 40, Financial Instruments.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

**Land under roads**

Council recognises the value of land under roads it controls at fair value.



**DEVONPORT CITY COUNCIL**

## Notes to the Financial Report

For the year ended 30 June 2016

**24 Property, plant and equipment (continued)**

## Reconciliation of property, plant and equipment

	2016									
	Land	Parks and Open Space	Buildings	Plant	Furniture and Fittings	Roads	Stormwater	Other Infrastructure	Cultural and Heritage	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Asset values</b>										
Opening balance at valuation	147,432	5,784	90,168	7,164	5,079	268,232	111,400	27,693	4,220	667,172
Additions at cost	938	117	600	328	122	1,744	930	283	2	5,064
Contributed assets at valuation	440	0	0	0	0	964	842	22	0	2,268
Assets at Initial Recognition	0	0	0	0	0	0	0	0	0	0
Disposals	[38]	[32]	[8,740]	[593]	[194]	[2,283]	[254]	[388]	0	[12,522]
Revaluations in period	0	178	1,818	0	0	[4,410]	5,044	834	226	3,690
Internal transfers	0	15,732	3,657	0	689	8,130	0	[28,444]	235	(1)
Closing balance	148,772	21,779	87,503	6,899	5,696	272,377	117,962	0	4,683	665,671
<b>Accumulated depreciation</b>										
Opening balance	0	2,069	41,560	3,902	2,562	145,710	47,133	9,280	27	252,243
Depreciation provided in period	0	185	1,269	626	529	3,906	1,072	1,066	13	8,666
Written off on disposals	0	[24]	[5,640]	[471]	[156]	[1,946]	[111]	[322]	0	[8,670]
Adjustment on asset revaluation	0	67	824	0	0	[1,552]	2,148	302	0	1,789
Internal transfers	0	5,909	1,286	0	404	2,629	0	[10,326]	98	0
Closing balance	0	8,206	39,299	4,057	3,339	148,747	50,242	0	138	254,028
Total written down value 30 June 2016	148,772	13,573	48,204	2,842	2,357	123,630	67,720	0	4,545	411,643

**DEVONPORT CITY COUNCIL**

## Notes to the Financial Report

For the year ended 30 June 2016

**24 Property, plant and equipment (continued)****Reconciliation of property, plant and equipment**

	<b>2015</b>									
	Land	Parks and Open Space	Buildings	Plant	Furniture and Fittings	Roads	Stormwater	Other Infrastructure	Cultural and Heritage	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Asset values</b>										
Opening balance at valuation	114,707	5,892	78,721	7,622	4,758	261,568	108,951	26,353	3,970	612,542
Additions at cost	0	(108)	453	518	625	3,848	757	1,523	24	7,640
Contributed assets at valuation	51	0	0	0	0	636	336	26	0	1,049
Donations	2,103	0	311	0	0	0	0	0	0	2,414
Disposals	0	0	(74)	(976)	(304)	(1,793)	(111)	(209)	0	(3,467)
Revaluations in period	30,571	0	10,757	0	0	3,973	1,467	0	226	46,994
Internal transfers	0	0	0	0	0	0	0	0	0	0
Total asset value	147,432	5,784	90,168	7,164	5,079	268,232	111,400	27,693	4,220	667,172
<b>Accumulated depreciation</b>										
Opening balance	0	1,892	33,917	4,081	2,224	140,876	45,512	8,311	15	236,828
Depreciation provided in period	0	177	1,355	638	581	3,822	1,051	1,066	12	8,702
Written off on disposals	0	0	(43)	(817)	(243)	(1,183)	(52)	(97)	0	(2,435)
Adjustment on asset revaluation	0	0	6,331	0	0	2,195	622	0	0	9,148
Internal transfers	0	0	0	0	0	0	0	0	0	0
Closing balance	0	2,069	41,560	3,902	2,562	145,710	47,133	9,280	27	252,243
Total written down value 30 June 2015	147,432	3,715	48,608	3,262	2,517	122,522	64,267	18,413	4,193	414,929

**DEVONPORT CITY COUNCIL****Notes to the Financial Report  
For the year ended 30 June 2016**

	2016 \$'000	2015 \$'000
<b>25 Capital work in progress - at cost</b>		
Parks and Open Space	1,505	247
Buildings	167	582
Living City Project	4,952	770
Plant	230	2
Furniture and fittings	179	44
Roads	2,989	658
Stormwater	373	376
	<u>10,395</u>	<u>2,679</u>
<b>26 Payables</b>		
Current		
Trade creditors	421	228
Accruals	2,578	2,094
Trust funds	183	215
	<u>3,182</u>	<u>2,537</u>
<b>27 Interest bearing liabilities</b>		
Current		
Borrowings - secured	<u>892</u>	<u>985</u>
Non-current		
Borrowings - secured	<u>19,615</u>	<u>20,507</u>
<b>Loan Movements</b>	<u>20,507</u>	<u>21,492</u>
Opening balance	21,492	20,020
Loans raised	0	2,400
Repayments	(985)	(928)
Book value at period end	<u>20,507</u>	<u>21,492</u>
<b>The maturity profile for Council's borrowings is:</b>		
Not later than one year	892	985
Later than one year and not later than five years	13,523	13,295
Later than five years	<u>6,092</u>	<u>7,212</u>
Total	<u>20,507</u>	<u>21,492</u>

Council's loans are secured by trust deed.

**Accounting Policy**

The borrowing capacity of Council is limited by the Local Government Act 1993. Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Subsequent to initial recognition these liabilities are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit or Loss and comprehensive income over the period of the liability using the effective interest method.

**Operating leases as lessee**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

**DEVONPORT CITY COUNCIL****Notes to the Financial Report****For the year ended 30 June 2016****27 Interest bearing liabilities (continued)**

Council leases several parcels of Crown land under lease agreements with the State Government. These leases, in general, do not reflect commercial arrangements, are long term and have minimal lease payments. Crown land is recognised as an asset in the Statement of Financial Position and carried at fair value when Council establishes that (i) it has control over the land and (ii) it will derive economic benefits from it.

	2016 \$'000	2015 \$'000
<b>28 Provisions</b>		
<b>Current</b>		
<b>Employee entitlements:</b>		
Annual leave	1,023	1,010
Long service leave	<u>1,123</u>	<u>1,068</u>
<b>Non-current</b>	<u>2,146</u>	<u>2,078</u>
<b>Employee entitlements:</b>		
Long service leave	<u>455</u>	<u>525</u>
<b>455</b>	<u>455</u>	<u>525</u>
<b>Total provisions</b>	<u>2,601</u>	<u>2,603</u>

Included in the above employee entitlements balances is an allowance for oncosts amounting to \$167,054 (\$184,861 for 2015)

As at 30 June 2016, Devonport City Council had 146 full time equivalent employees (151 for 2015)

**Accounting Policy****Short term employee benefit obligations**

Liabilities for wages and salaries, rostered days off, annual leave and long service leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled, including appropriate oncosts such as workers compensation and payroll costs. The liabilities for annual leave and long service leave are recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

**Other long term employee benefit obligations**

The liability for long service leave and annual leave which is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

**Sick leave**

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

**DEVONPORT CITY COUNCIL****Notes to the Financial Report  
For the year ended 30 June 2016**

<b>29 Capital and capital reserves</b>	<b>2016</b>	<b>2015</b>
<b>(i) Asset revaluation reserve - Council</b>	<b>\$'000</b>	<b>\$'000</b>
Movements in the asset revaluation reserve were as follows:		
Balance at the beginning of year	295,401	257,555
Increment / (decrement) to capital non-current assets at end of period to reflect a change in current fair value:		
Land	0	30,571
Parks & Open Space	111	0
Buildings	994	4,426
Roads	(2,858)	1,778
Stormwater	2,896	845
Other infrastructure	532	0
Cultural & Heritage	226	226
	<u>1,901</u>	<u>37,846</u>
Balance at end of year	<u><b>297,302</b></u>	<u><b>295,401</b></u>
<b>(ii) Asset revaluation reserve - Associate</b>		
Movements in the Asset Revaluation Reserve - Associate were as follows:		
Balance at the beginning of year	1,415	1,058
Share of asset revaluation movement - Associate (Note 23)	<u>53</u>	<u>357</u>
Balance at end of year	<u><b>1,468</b></u>	<u><b>1,415</b></u>
<b>(iii) Accumulated surplus</b>		
Movements in the Accumulated surplus as follows:		
Balance at beginning of year	194,274	186,468
Surplus / (Deficit)	<u>2,602</u>	<u>7,806</u>
Balance at end of year	<u><b>196,876</b></u>	<u><b>194,274</b></u>

**Accounting Policy****Asset revaluation reserve**

The Asset Revaluation Reserve is comprised of adjustments relating to changes in value of items which arise primarily from changes in the purchasing power of money.

**Accumulated surplus**

This represents that part of the Council's net wealth which would not be required to meet immediate requirements or to meet specific future needs. The balance on this account at the end of each financial year shows the amount available to be offset against expenditure in the following year or, if a deficit, the additional amount of revenue needed to be raised in the following year.

**DEVONPORT CITY COUNCIL****Notes to the Financial Report  
For the year ended 30 June 2016**

	2016 \$'000	2015 \$'000
<b>30 Other reserves</b>		
(a) Reserves held for funding future capital expenditure:		
Fair value investment reserve	<u>9,266</u>	<u>7,833</u>
	<u>9,266</u>	<u>7,833</u>
(b) Movements in capital reserves are analysed as follows:		
Fair value investment reserve		
Balance B/Fwd	7,833	7,162
Fair value adjustment on available for sale assets	<u>1,433</u>	<u>671</u>
Balance as at 30 June	<u>9,266</u>	<u>7,833</u>

**Accounting Policy**

Other reserves represent wealth which has been accumulated within the Council to meet specific anticipated future needs. As at 30 June 2016 the only reserve held by Council is the Fair Value Investment Reserve which represents changes in the underlying value of Council's investment in TasWater.

**31 Superannuation**

Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund (the Fund). The Fund was a sub fund of the Quadrant Superannuation Scheme (the Scheme) up to 30 November 2015. At this date the Quadrant Superannuation Scheme merged (via a Successor Fund Transfer) into the Tasplan Super and the Quadrant Defined Benefits Fund became a sub fund of Tasplan Super (Tasplan) from that date. The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under paragraph 34 of AASB 119 Employee Benefits, Council does not use defined benefit accounting for these contributions.

For the year ended 30 June 2016 the Council contributed 9.5% of employees gross income to the Fund. Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, the Council is required to meet its share of the deficiency.

Rice Warner Pty Ltd undertook the last actuarial review of the Fund at 30 June 2014. The review disclosed that at that time the net market value of assets available for funding member benefits was \$66,310,000, the value of vested benefits was \$57,475,000, the surplus over vested benefits was \$8,835,000 and the value of total accrued benefits was \$58,093,000. These amounts relate to all members of the fund at the date of valuation and no asset or liability is recorded in the Quadrant Superannuation Scheme's financial statements for Council employees.

The financial assumptions used to calculate the Accrued Benefits for the Fund were:

Net Investment Return	7.0% p.a.
Salary Inflation	4.0% pa
Price Inflation	n/a

## DEVONPORT CITY COUNCIL

### Notes to the Financial Report

#### For the year ended 30 June 2016

### 31 Superannuation (continued)

The actuarial review concluded that:

1. The value of assets of the Fund was adequate to meet the liabilities of the Fund in respect of vested benefits as at 30 June 2014.
2. The value of assets of the Fund was adequate to meet the value of the liabilities of the Fund in respect of accrued benefits as at 30 June 2014.
3. Based on the assumptions used, and assuming the Employer contributes at the levels described below, the value of the assets is expected to continue to be adequate to meet the value of the liabilities of the Fund in respect of vested benefits at all times during the period up to 30 June 2017.

The Actuary recommended that in future the Council contribute 11% of salaries in 2014/15 and 9.5% of salaries thereafter.

The Actuary will continue to undertake a brief review of the financial position the Fund at the end of each financial year to confirm that the contribution rates remain appropriate. The next full triennial actuarial review of the Fund will have an effective date of 30 June 2017 and is expected to be completed late in 2017.

Council also contributes to other accumulation schemes on behalf of a number of employees, however the Council has no ongoing responsibility to make good any deficiencies that may occur in those schemes.

During the year Council made the required superannuation contributions for all eligible employees to an appropriate complying superannuation fund as required by the Superannuation Guarantee (Administration) Act 1992.

As required in terms of paragraph 148 of AASB 119 Employee Benefits, Council discloses the following details:

The 2014 actuarial review used the "aggregate" funding method. This is a standard actuarial funding method. The results from this method were tested by projecting future fund assets and liabilities for a range of future assumed investment returns. The funding method used is different from the method used at the previous actuarial review in 2011.

Under the aggregate funding method of financing the benefits, the stability of the Councils' contributions over time depends on how closely the Fund's actual experience matches the expected experience. If the actual experience differs from that expected, the Councils' contribution rate may need to be adjusted accordingly to ensure the Fund remains on course towards financing members' benefits.

- In terms of Rule 27.4 of the Tasplan Trust Deed (Trust Deed), there is a risk that employers within the Fund may incur an additional liability when an Employer ceases to participate in the Fund at a time when the assets of the Fund are less than members' vested benefits. Each member of the Fund who is an employee of the Employer who is ceasing to Participate is required to be provided with a benefit at least equal to their vested benefit in terms of Rule 27.4 (b) [A]. However there is no provision in the Trust Deed requiring an employer to make contributions other than its regular contributions up to the date of cessation of contributions. This issue can be resolved by the Trustee seeking an Actuarial Certificate in terms of Rule 26.5 identifying a deficit and the Trustee determining in terms of Rule 26.3(c) that the particular employer should make the payment required to make good any shortfall before the cessation of participation is approved.
- The application of Fund assets on Tasplan being wound-up is set out in Rule 41.4. This Rule provides that expenses and taxation liabilities should have first call on the available assets. Additional assets will initially be applied for the benefit of the then remaining members and/or their Dependents in such manner as the Trustee considers equitable and appropriate in accordance with the Applicable Requirements (broadly, superannuation and taxation legislative requirements and other requirements as determined by the regulators).

The Trust Deed does not contemplate the Fund withdrawing from Tasplan. However it is likely that Rule 27.4 would be applied in this case (as detailed above).

- The Fund is a defined benefit Fund.
- The Quadrant Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. Thus the Fund is not able to prepare standard AASB 119 defined benefit reporting.

**DEVONPORT CITY COUNCIL****Notes to the Financial Report  
For the year ended 30 June 2016****31 Superannuation (continued)**

- During the reporting period the amount of contributions paid to defined benefits schemes was \$57,536 (\$73,000 2014/15), and the amount paid to accumulation schemes was \$1,031,092 (\$1,034,303).

- During the next reporting period the expected amount of contributions to be paid to defined benefits schemes is \$57,507, and the amount to be paid to accumulation schemes is \$1,111,860.

- As reported on the first page of this note, Assets exceeded accrued benefits as of the date of the last actuarial review, 30 June 2014. Moderate investment returns, since that date, make it quite probable that this is still the position. The financial position of the Fund will be fully investigated at the actuarial review as at 30 June 2017.

An analysis of the assets and vested benefits of Funds participating in the Scheme, prepared by Rice Warner Pty Ltd as at 30 June 2014, showed that the Fund had assets of \$66.3 million and members' Vested Benefits were \$57.5 million. These amounts represented 8.4% and 7.5% respectively of the corresponding total amounts for the Scheme.

As at 30 June 2015 the fund had 164 members and total employer contributions and member contributions for the year ending 30 June 2015 were \$2,083,883 and \$325,833 respectively.

	<b>2016 \$'000</b>	<b>2015 \$'000</b>
Defined Benefits Fund	58	73
Accumulation Schemes	<u>1,031</u>	<u>1,034</u>
	<u><b>1,089</b></u>	<u><b>1,107</b></u>

**32 Commitments**

Expenditure contracted as at 30 June, but not recognised in the financial report as liabilities.  
This note is for information only.

Purchase commitments for material supplies & equipment	<u>1,633</u>	<u>2,030</u>
Commitments are payable as follows:		
Not later than 1 year	<u>1,633</u>	<u>2,030</u>

**Accounting Policy**

Commitments are not recognised in the Statement of Financial Position. Commitments are disclosed in this Note at their nominal value and inclusive of the GST payable.

**33 Contingent liabilities**

There are no known claims pending against Council which would exceed current insurance arrangements held at 30 June 2016.

**Accounting Policy**

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

**34 Trust funds**

Trust deposits	<u>183</u>	<u>215</u>
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The Devonport City Council performs only a custodial role in respect of these monies, and because the monies cannot be used for Council purposes, they are not brought to account in these financial statements as income. Trust monies are invested with a financial institution in an appropriate interest-earning account. The deposits are bearing floating interest rates of 2.0% as at June 30 (2015 2.5%).

**Accounting Policy**

Amounts received as lender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited.



**DEVONPORT CITY COUNCIL****Notes to the Financial Report  
For the year ended 30 June 2016**

<b>35 Reconciliation of cash flows from operating activities to surplus / (deficit)</b>	<b>2016 \$'000</b>	<b>2015 \$'000</b>
Surplus / (deficit)	2,602	7,806
Depreciation and amortisation	8,666	8,702
Non-cash donations subsidies and contributions	(2,268)	(3,463)
Share of profit in associate	(837)	(411)
Net (gain) / loss on disposal of assets	492	1,904
Derecognition of assets	3,089	0
Bad and doubtful debts	0	289
Overhead recovery	(457)	(582)
Investing activity		
Other investment income	(534)	(296)
Capital grants	(1,314)	(2,134)
Changes in operating assets and liabilities :	<u>6,837</u>	<u>4,009</u>
(Increase) / decrease in receivables	(594)	(79)
(Increase) / decrease in prepayments	17	(2)
Increase / (decrease) in payables	413	(602)
Increase / (decrease) in employee provisions	(2)	(7)
	<u>(166)</u>	<u>(690)</u>
<b>Net cash inflow from operating activities</b>	<u><b>9,273</b></u>	<u><b>11,125</b></u>

**36 Joint Authorities****(i) Dulverton Regional Waste Management Authority**

The Council is a partner in the Dulverton Regional Waste Management Joint Authority established under the Local Government Act 1993 (as amended).

Other partners in the Dulverton Regional Waste Management Joint Authority are the Central Coast, Latrobe, and Kentish Councils.

The primary activity of the Authority is to operate a regional landfill site at Dulverton. As at 30 June 2016 the ownership share for Devonport was 43.45%.

Value of ownership share	<u>4,739</u>	<u>3,849</u>
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**(ii) Cradle Coast Authority**

The Council is a subscribing member of the Cradle Coast Joint Authority together with Burnie City, Central Coast, Circular Head, Kentish Council, King Island, Latrobe, Waratah-Wynyard and West Coast Councils. No capital subscription is contemplated and operating costs will be provided out of current income by all subscribing Councils.

At the June 2014 Council meeting, Aldermen resolved to notify Cradle Coast Authority of its intention to withdraw from the Authority effective 30 June 2017. The Authority has been notified and Council will continue to contribute to the operating costs of the Authority until that time.

**37 Related party disclosures**

In accordance with s84(2)(b) of the Local Government Act 1993 (as amended), no interests have been notified to the General Manager in respect of any body or organisation with which the Council has major financial dealings.

**DEVONPORT CITY COUNCIL**

Notes to the Financial Report  
For the year ended 30 June 2016

**38 Controlling Authority transactions**

	2016		2015	
	Income \$'000	Expenditure \$'000	Income \$'000	Expenditure \$'000
Maidstone Park Management Controlling Authority	10	9	13	11
<b>Total</b>	<b>10</b>	<b>9</b>	<b>13</b>	<b>11</b>

During 2015 Council reviewed its Committee structure and resolved to wind up the Devonport Recreation Centre Controlling Authority and the Fenton Villas Management Controlling Authority.

Council have created Strategic Special Committees and Special Interest Groups to advise on specific areas of interest. These newly formed Committees and Groups do not hold assets and liabilities in their own right, they operate in an advisory capacity only.

**39 Events occurring after balance date**

On 29 July 2016 Council refinanced its debt with ANZ. The 8 facilities previously with TASCORP have been rolled into one facility. Accrued interest and the market value adjustment fee have been paid to TASCORP in July.

## DEVONPORT CITY COUNCIL

### Notes to the Financial Report

For the year ended 30 June 2016

#### 40 Financial instruments

##### (a) Accounting policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and conditions
<b>Financial assets</b>			
<b>Cash and cash equivalents</b>	19	Cash on hand and at bank and short term deposit accounts are valued at face value.  Interest is recognised as it accrues.	Cash and deposits returned interest at rates between 1.05% and 3.08% (0.05% and 3.5% in 2014/2015). The weighted average interest rate at balance date was 2.42% (2.35% in 2014/2015).
<b>Receivables</b>	20	Receivables are carried at face value. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured. Credit terms are based on 30 days. Overdue payments are lodged with a collection agency as and when deemed necessary.
<b>Other financial assets</b>	21	Other financial assets are valued at face value.	
<b>Financial liabilities</b>			
<b>Payables</b>	26	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General Creditors are unsecured, not subject to interest charges and are normally settled within relevant trading terms.
<b>Interest bearing loans</b>	27	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by way of mortgages over the general rates of the Council and the underlying value of the infrastructure for which the borrowings were obtained. The weighted average interest rate on borrowings is 5.08% (5.12% in 2014/2015).
<b>Bank Overdraft</b>	19	Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.	The overdraft is subject to annual review. It is secured by a mortgage over Council's general rates and is repayable on demand. The average interest rate on utilised overdraft was 8.59% (8.63% in 2014/2015).
			<b>2016</b> <b>2015</b>
		Available Bank Overdraft Facility at year-end	\$ 100,000                      \$ 100,000
		Utilised Bank Overdraft Facility at year-end	\$ 0                                      \$ 0
<b>Corporate credit cards</b>	26	Credit card balances are recognised at the principal amount. Interest is charged as an expense as it accrues.	The credit card facility is secured by a mortgage over Council's general rates. The balance is paid in full on a monthly basis.
			<b>2016</b> <b>2015</b>
		Available Credit Card Facility at year-end	\$ 70,000                      \$ 70,000
		Utilised Credit Card Facility at year-end	\$ 29,942                      \$ 17,711

**DEVONPORT CITY COUNCIL**

## Notes to the Financial Report

For the year ended 30 June 2016

**40 Financial instruments (continued)****(b) Interest rate risk**

The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

2016	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
		1 year or less \$'000	Between 1 and 5 years \$'000	More than 5 years \$'000		
<b>Financial assets</b>						
Cash and cash equivalents	16,975	0	0	0	0	16,975
Receivables	0	0	0	0	1,710	1,710
Investment in Water Corporation	0	0	0	0	85,664	85,664
	16,975	0	0	0	87,374	104,349
<b>Financial liabilities</b>						
Payables	0	0	0	0	3,182	3,182
Interest bearing liabilities	0	892	13,523	6,092	0	20,507
	0	892	13,523	6,092	3,182	23,689
<b>Net financial assets / (liabilities)</b>	16,975	(892)	(13,523)	(6,092)	84,192	80,660

2015	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
		1 year or less \$'000	Between 1 and 5 years \$'000	More than 5 years \$'000		
<b>Financial assets</b>						
Cash and cash equivalents	18,658	0	0	0	0	18,658
Receivables	0	0	0	0	1,116	1,116
Investment in Water Corporation	0	0	0	0	84,231	84,231
	18,658	0	0	0	85,347	104,005
<b>Financial liabilities</b>						
Payables	0	0	0	0	2,537	2,537
Interest bearing liabilities	0	985	13,295	7,212	0	21,492
	0	985	13,295	7,212	2,537	24,029
<b>Net financial assets / (liabilities)</b>	18,658	(985)	(13,295)	(7,212)	82,810	79,976

**DEVONPORT CITY COUNCIL****Notes to the Financial Report  
For the year ended 30 June 2016****40 Financial instruments (continued)****(c) Net fair values**

The aggregate net fair values of financial assets and financial liabilities at balance date are as follows:

Financial Instruments

	Total carrying amount as per Statement of Financial Position		Aggregate net fair value	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	16,975	18,658	16,975	18,658
Receivables	1,710	1,116	1,710	1,116
Investment in Water Corporation	85,664	84,231	85,664	84,231
<b>Total financial assets</b>	<b>104,349</b>	<b>104,005</b>	<b>104,349</b>	<b>104,005</b>
<b>Financial liabilities</b>				
Payables	3,182	2,537	3,182	2,537
Interest-bearing loans and borrowings	20,507	21,492	22,857	22,988
<b>Total financial liabilities</b>	<b>23,689</b>	<b>24,029</b>	<b>26,039</b>	<b>25,525</b>

**(d) Credit Risk**

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Statement of Financial Position.

**(e) Risks and mitigation**

The risks associated with our main financial instruments and our policies for minimising these risks are detailed below.

**Market risk**

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. Council's exposures to market risk are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. Components of market risk to which we are exposed are discussed below.

**DEVONPORT CITY COUNCIL****Notes to the Financial Report****For the year ended 30 June 2016****40 Financial instruments (continued)****(e) Risks and mitigation (continued)****Interest rate risk**

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominantly short term liquid assets. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk.

Our loan borrowings are sourced from major Australian banks. Overdrafts are arranged with major Australian banks. We manage interest rate risk on our net debt portfolio by:

- ensuring access to diverse sources of funding;
- reducing risks of refinancing by managing in accordance with target maturity profiles; and
- setting prudential limits on interest repayments as a percentage of rate revenue.

We manage the interest rate exposure on our debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Department of Treasury and Finance each year.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1993* (as amended). We manage interest rate risk by adopting an investment policy that ensures:

- conformity with State and Federal regulations and standards;
- capital protection;
- appropriate liquidity;
- diversification by credit rating, financial institution and investment product
- monitoring of return on investment
- benchmarking of returns and comparison with budget.

Maturity will be staggered to provide for interest rate variations and to minimise interest rate risk.

## DEVONPORT CITY COUNCIL

### Notes to the Financial Report For the year ended 30 June 2016

#### 40 Financial instruments (continued) (e) Risks and mitigation (continued)

##### Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in our Statement of Financial Position. To help manage this risk:

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

Credit risk arises from Council's financial assets, which comprise cash and cash equivalents, and trade and other receivables. Council's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable policy note.

Council generally trades with recognised, creditworthy third parties, and as such collateral is generally not requested, nor is it Council's policy to securitise its trade and other receivables.

It is Council's policy that some customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their credit rating, financial position, past experience and industry reputation. In addition, receivable balance are monitored on an ongoing basis with the result that Council's exposure to bad debts is not significant.

Council may also be subject to credit risk for transactions which are not included in the Statement of Financial Position, such as when Council provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 33.

##### Ageing of Trade and Other Receivables

At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's trade & other receivables was:

	2016 \$'000	2015 \$'000
Current (less than 1 year)	1,555	961
Past due by over 1 year	75	75
Past due by over 2 years	14	14
Past due by over 3 years	6	6
Past due by over 4 years	60	60
	<hr/>	<hr/>
Total Trade & Other Receivables	<b>1,710</b>	<b>1,116</b>

## DEVONPORT CITY COUNCIL

### Notes to the Financial Report For the year ended 30 June 2016

#### 40 Financial instruments (continued)

##### (e) Risks and mitigation (continued)

##### Ageing of Individually Impaired Trade and Other Receivables

At balance date, there were no impaired debtor amounts identified (2014/15 \$0). No provision has been raised against debtors at year end (2014/15: \$0). All long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

##### Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- we will not have sufficient funds to settle a transaction on the date;
- we will be forced to sell financial assets at a value which is less than what they are worth; or
- we may be unable to settle or recover a financial asset at all.

To help reduce these risks we:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's exposure to liquidity risk is deemed insignificant based on prior periods data and current assessment of risk.

##### (e) Risks and mitigation (continued)

The table below lists the contractual maturities for Financial Liabilities.

These amounts represent undiscounted gross payments including both principal and interest amounts.

2016		6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Payables		3,182	0	0	0	0	3,182	3,182
Interest bearing		961	961	6,922	9,205	7,165	25,214	20,507
<b>Total financial</b>		<b>4,143</b>	<b>961</b>	<b>6,922</b>	<b>9,205</b>	<b>7,165</b>	<b>28,396</b>	<b>23,689</b>

2015		6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Payables		2,537	0	0	0	0	2,537	2,537
Interest bearing		1,035	1,035	1,922	14,601	8,692	27,285	21,492
<b>Total financial</b>		<b>3,572</b>	<b>1,035</b>	<b>1,922</b>	<b>14,601</b>	<b>8,692</b>	<b>29,822</b>	<b>24,029</b>



**DEVONPORT CITY COUNCIL**

Notes to the Financial Report  
For the year ended 30 June 2016

**40 Financial instruments (continued)****(f) Sensitivity disclosure analysis**

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Council believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from Reserve Bank of Australia):

- A parallel shift of + 1% and -2% in market interest rates (AUD) from year-end rates of 2.5%.

The table below discloses the impact on net operating result and equity for each category of financial instruments held by Council at year-end, if the above movements were to occur.

		2016		Interest rate risk			
				-2 %		+1%	
				-200 basis points		+100 basis points	
		2016 \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	
<b>Financial assets:</b>							
Cash and cash equivalents		16,975	(340)	(340)	170	170	
Receivables		0	0	0	0	0	
<b>Financial liabilities:</b>							
Interest bearing liabilities		20,507	410	410	(205)	(205)	

		2015		Interest rate risk			
				-2 %		+1%	
				-200 basis points		+100 basis points	
		2015 \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	
<b>Financial assets:</b>							
Cash and cash equivalents		18,658	(373)	(373)	187	187	
Receivables		0	0	0	0	0	
<b>Financial liabilities:</b>							
Interest bearing liabilities		21,492	430	430	(215)	(215)	

**DEVONPORT CITY COUNCIL****Notes to the Financial Report  
For the year ended 30 June 2016****40 Financial Instruments (continued)****(g) Fair Value Hierarchy**

The table below analyses financial instruments carried at fair value by valuation method.

The different levels have been defined as follows:

Level 1	quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (ie prices) or indirectly (ie derived from prices)
Level 3	inputs for the asset or liability that are not based on observable market data

	Level 1	Level 2	Level 3	Total
<b>30 June 2016</b>				
Available for sale financial assets	0	0	85,664	85,664

	Level 1	Level 2	Level 3	Total
<b>30 June 2015</b>				
Available for sale financial assets	0	0	84,231	84,231

There were no transfers between Level 1 and Level 2 during the period.

	<b>2016</b> <b>\$'000</b>	<b>2015</b> <b>\$'000</b>
<b>Reconciliation of Level 3 fair value movements:</b>		
<b>Opening Balance</b>	84,231	83,560
Fair Value adjustments on Available-for-Sale Assets	<u>1,433</u>	<u>671</u>
<b>Closing Balance</b>	<u><b>85,664</b></u>	<u><b>84,231</b></u>

**(h) Categories of Financial assets and Liabilities**

Carrying amounts classified as:

**Financial assets**

Cash and cash equivalents	16,975	18,658
Loans and receivables	1,710	1,116
Available for sale financial assets	<u>85,664</u>	<u>84,231</u>
<b>Total financial assets</b>	<u><b>104,349</b></u>	<u><b>104,005</b></u>

**Financial liabilities**

Financial liabilities measured at amortised cost	<u>23,689</u>	<u>24,029</u>
<b>Total financial liabilities</b>	<u><b>23,689</b></u>	<u><b>24,029</b></u>

<b>Net Financial Assets / Liabilities</b>	<u><b>80,660</b></u>	<u><b>79,976</b></u>
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## DEVONPORT CITY COUNCIL

### Notes to the Financial Report For the year ended 30 June 2016

41 Management indicators	Benchmark	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000
<b>(a) Underlying surplus or deficit</b>					
Recurrent income* less recurrent expenditure**		39,331	38,629	37,188	36,259
Underlying surplus/deficit	0	<u>3,023</u>	<u>2,334</u>	<u>1,086</u>	<u>674</u>

\* Recurrent income excludes income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature. It does include the prepaid 2015/16 Financial Assistance Grant of \$981k received in June 2015.

\*\* Recurrent expenditure includes Loss on Disposal of property, plant & equipment of \$559k.

Council has reported an underlying surplus for the 2016 year, which exceeds the benchmark of a breakeven result.

<b>(b) Underlying surplus ratio</b>					
<u>Underlying surplus or deficit</u>		3,023	2,334	1,086	674
Recurrent income*		39,331	38,629	37,188	36,259
Underlying surplus ratio	0%	7.69%	6.04%	2.92%	1.86%

This ratio serves as an overall measure of financial operating effectiveness

The ratio reflects Council's goal to break-even and is reasonably consistent with the benchmark for the period reported.

<b>(c) Net financial liabilities</b>					
Liquid assets less total liabilities		18,685	19,774	11,279	15,405
Net financial liabilities	0	<u>(7,605)</u>	<u>(6,858)</u>	<u>(14,159)</u>	<u>(10,176)</u>

This measure shows whether Council's total liabilities can be met by its liquid assets. An excess of total liabilities over liquid assets means that, if all liabilities fell due at once, additional revenue would be needed.

Property purchases in relation to the LIVING CITY project have been funded by borrowings.

At 30 June 2016 the balance of these loans totalled \$11,346,395 (2015 \$11,574,805).

Council refinanced its debt on 29 July 2016, rolling 8 facilities into 1 with ANZ. The term of the loan is for 20 years with regular principal and interest repayments scheduled over the term.

## DEVONPORT CITY COUNCIL

### Notes to the Financial Report For the year ended 30 June 2016

41 Management indicators (continued)	Benchmark	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000
<b>(d) Net financial liabilities ratio</b>					
<u>Net financial liabilities</u>		(7,605)	(6,858)	(14,159)	(10,176)
Recurrent income*	0% - ( 50%)	39,331	38,629	37,188	36,259
Net financial liabilities ratio %		<b>(19.34%)</b>	<b>(17.75%)</b>	<b>(38.07%)</b>	<b>(28.06%)</b>

This ratio indicates the net financial obligations of Council compared to its recurrent income.

The result over the reported period is within benchmark, and reflects the higher level of borrowings in recent years. As stated above, Council actively manage debt levels and repayment schedules through the Long Term Financial Plan.

#### **(e) Asset consumption ratio**

An asset consumption ratio has been calculated in relation to each asset class required to be included in the long term asset management plan of Council.

<i>Parks and open space</i>					
<u>Depreciated replacement cost</u>		13,573	3,715	4,000	4,002
Gross replacement cost		21,779	5,784	5,892	5,723
Asset consumption ratio %	40-60%	<b>62%</b>	<b>64%</b>	<b>68%</b>	<b>70%</b>
<i>Buildings</i>					
<u>Depreciated replacement cost</u>		48,204	48,608	44,804	34,511
Gross replacement cost		87,503	90,168	78,721	68,641
Asset consumption ratio %	40-60%	<b>55%</b>	<b>54%</b>	<b>57%</b>	<b>50%</b>
<i>Roads</i>					
<u>Depreciated replacement cost</u>		123,630	122,522	120,692	118,292
Gross replacement cost		272,377	268,232	261,568	256,485
Asset consumption ratio %	40-60%	<b>45%</b>	<b>46%</b>	<b>46%</b>	<b>46%</b>
<i>Stormwater</i>					
<u>Depreciated replacement cost</u>		67,720	64,267	63,439	67,644
Gross replacement cost		117,962	111,400	108,951	114,289
Asset consumption ratio %	40-60%	<b>57%</b>	<b>58%</b>	<b>58%</b>	<b>59%</b>

This ratio indicates the level of service potential available in Council's existing asset base.

Council have set a benchmark for this ratio of between 40% and 60% in the Long Term Financial Plan. The result for all categories is within this range, however a result closer to 60% suggests that Council has sufficient service capacity remaining in these asset classes.

## DEVONPORT CITY COUNCIL

### Notes to the Financial Report For the year ended 30 June 2016

41 Management indicators (continued)	Benchmark	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000
(f) Asset renewal funding ratio					
An asset renewal funding ratio has been calculated in relation to each asset class required to be included in the strategic asset management plan of Council.					
<i>Parks and open space</i>					
<u>Projected capital funding outlays**</u>		2,967	4,224	4,315	5,634
Projected capital expenditure funding***		6,784	7,415	7,236	7432
Asset renewal funding ratio %	90-100%	44%	57%	60%	76%
<i>Buildings</i>					
<u>Projected capital funding outlays**</u>		6,193	6,213	5,802	5837
Projected capital expenditure funding***		4,230	4,700	4,700	4700
Asset renewal funding ratio %	90-100%	146%	132%	123%	124%
<i>Roads</i>					
<u>Projected capital funding outlays**</u>		28,994	32,759	32,752	32,369
Projected capital expenditure funding***		29,662	31,771	35,332	35,709
Asset renewal funding ratio %	90-100%	98%	103%	93%	91%
<i>Stormwater</i>					
<u>Projected capital funding outlays**</u>		4,773	5,029	4,368	3723
Projected capital expenditure funding***		110	110	71	71
Asset renewal funding ratio %	90-100%	4339%	4572%	6152%	5244%

Council are continuing to renew stormwater assets at a greater rate than required in the Asset Management Plans.

\*\* Projected capital funding outlays per the long term financial plan.

\*\*\* Value projected capital expenditure funding for an asset identified in Council's long term strategic asset management plan.

This ratio measures Council's capacity to fund future asset replacement requirements, by comparing the budgeted renewal expenditure to the projected capital expenditure requirements in the Asset Management Plans. This ratio should be considered over a longer period of time, at least 10 years to assess if Council is adequately funding the renewal of its assets. Council adopted a Financial Management Strategy in June 2015 which included a Long Term Financial Plan to 30 June 2025. That Plan included data that demonstrated Council has, on average over the 10 year life of the Plan, provided funding to renew assets in accordance with the Asset Management Plans.

Council has not adopted an updated Financial Management Strategy since June 2015 and is only required to do so every 4 years in accordance with the Ministerial Order issued in 2014. The projections for the 2016 year include 9 years worth of data, all previous years contain 10 years worth of data.

The Asset Management Plans were prepared in 2011 and are currently being updated. Since 2011, Council staff have reviewed and extended the lives of Road and Stormwater assets. A progressive condition assessment for all asset classes is currently underway and this information will be reflected in the updated Asset Management Plans.

This ratio is not subject to audit.

## DEVONPORT CITY COUNCIL

### Notes to the Financial Report For the year ended 30 June 2016

41 Management indicators (continued)	Benchmark	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000
<b>(g) Asset sustainability ratio</b>					
Capex on replacement/renewal of existing assets		5,035	3,699	7,283	8,556
Annual depreciation expense		8,666	8,702	8,910	8,736
Asset sustainability ratio %	100%	58%	43%	82%	98%

This ratio calculates the extent to which Council is maintaining operating capacity through renewal of the asset base.

Council has experienced a period of investment in new assets and this is reflected in the result for this indicator in the period reported. Council will continue to monitor its performance through the Long Term Financial Plan and manage assets in accordance with the Asset Management Plans.

	Capital renewal expenditure	Capital new expenditure	Total Capital Expenditure Cash Flow
By Asset Class:			
Land	0	0	0
Parks and Open Space	738	768	1,506
Buildings*	96	5,221	5,317
Plant	556	0	556
Furniture and Fittings	216	29	245
Roads	3,245	614	3,859
Stormwater	184	356	540
<b>Total</b>	<b>5,035</b>	<b>6,988</b>	<b>12,023</b>

\* The buildings category above includes \$5,124,454 expenditure in relation to Living City

## DEVONPORT CITY COUNCIL

### Notes to the Financial Report For the year ended 30 June 2016

#### 42 Fair Value Measurements

Council measures and recognises the following assets at fair value on a recurring basis:

- Investment in water corporation
- Property, infrastructure, plant and equipment
  - Land
  - Buildings
  - Roads, including footpaths and cycleways
  - Stormwater
  - Other infrastructure
  - Parks & open space
  - Cultural & heritage

Council does not measure any liabilities at fair value on a recurring basis.

##### (a) Fair Value Hierarchy

AASB 13 Fair Value Measurement requires all assets measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active market for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Council. The table presents the Council's assets measured and recognised at fair value at 30 June 2016.

The fair value of the assets are determined using valuation techniques which maximise the use of observable data, where it is available and minimise the use of entity specific estimates. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council infrastructure assets, which are of a specialist nature for which there is no active market of similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

##### As at 30 June 2016

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements</b>					
Land	24				
- LIVING CITY Land			5,717		5,717
- Other Land			143,055		143,055
Buildings	24				
- LIVING CITY Buildings			6,440		6,440
- Other Buildings			25,724	16,040	41,764
Roads, including footpaths and cycleways	24			123,630	123,630
Stormwater	24			67,720	67,720
Other infrastructure	24			0	0
Parks & open space	24			13,573	13,573
Cultural and heritage	24		4,545		4,545
		0	185,481	220,963	406,444

## DEVONPORT CITY COUNCIL

### Notes to the Financial Report For the year ended 30 June 2016

#### 42 Fair Value Measurements (cont.)

As at 30 June 2015

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements</b>					
Land	24				
- LIVING CITY Land			4,790		4,790
- Other Land			142,642		142,642
Buildings	24				
- LIVING CITY Buildings			6,555		6,555
- Other Buildings			29,892	12,161	42,053
Roads, including footpaths and cycleways	24			122,522	122,522
Stormwater	24			64,267	64,267
Other infrastructure	24			18,413	18,413
Parks & open space	24			3,715	3,715
Cultural and heritage	24		4,193		4,193
		0	188,072	221,078	409,150

#### Transfers between levels of the hierarchy

Council's policy is to recognise transfers in and out of the fair value hierarchy levels at the end of the reporting period.

There have not been any transfers between levels at 30 June 2016.

#### (b) Highest and best use

In accordance with AASB 13, all assets are valued at their highest and best use.

#### (c) Valuation techniques and significant inputs used to derive fair values

##### Investment in Water Corporation

Refer to Note 40 and Note 22 for details of valuation techniques used to derive fair values.

##### Land

Land fair values were determined by the office of the Valuer General during the year ended 30 June 2015. Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes, which is restricted in use under current planning provisions.

Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

##### Land under roads

Land under roads is calculated based on the applicable land area recorded by Council and the land values provided by the Valuer General in 2015. The most significant input into this valuation approach is price per square metre. Land under roads has been categorised as either urban residential land or rural land in accordance with Council data. The relevant square metre rates have then been applied to the land area. The rates were supplied by the office of the Valuer General and have been discounted by 30% to reflect the nature of the land.



## DEVONPORT CITY COUNCIL

### Notes to the Financial Report For the year ended 30 June 2016

#### 42 Fair Value Measurements (cont.)

##### Buildings

Where there is a market for Council building assets, fair value has been determined by applying the statutory values assigned by the office of the Valuer General during the year ended 30 June 2015. Fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre. These buildings have been classified as level 2 in the Table above.

Where Council buildings are of a specialist nature (eg public amenities) and there is no active market for the assets, fair value has been determined on the basis of replacement with a new asset having similar service potential. The gross current values have been derived from reference to market data for recent projects and costing guides. These buildings have been classified as level 3 in the Table above.

In determining the level of accumulated depreciation, significant building assets have been disaggregated into components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component.

While the unit rates based on square metres can be supported by market evidence (level 2), the estimates of useful life that are used to calculate accumulated depreciation comprise unobservable inputs (level 3). Where these other inputs are significant to the valuation the overall valuation has been classified as level 3.

##### Infrastructure assets

All Council infrastructure assets were fair valued using depreciated current replacement cost (DRC). This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such costs to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

CRC was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. The resulting valuation reflects the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output.

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks.

The level of accumulated depreciation for infrastructure assets was determined based on the age of the asset and the useful life adopted by Council for the asset type. Depreciation is applied on a straight line basis. Estimated useful lives are disclosed in Note 13.

The calculation of DRC involves a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made by qualified and experienced staff, different judgements could result in a different valuation. The table at (d) below summarises the effect that changes in the most significant unobservable inputs would have on the valuation.

The methods for calculating CRC are described under individual asset categories below.

##### Roads, including footpaths & cycleways

A full valuation of road infrastructure was undertaken by Council staff effective 30 June 2016. Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. Urban and rural roads are generally managed in segments from intersection to intersection. All road segments are then componentised into formation, pavement and seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials. Pavements constructed post 1993 have longer asset lives as they require more stringent quality assurance on material selection and pavement design.

## DEVONPORT CITY COUNCIL

### Notes to the Financial Report For the year ended 30 June 2016

#### 42 Fair Value Measurements (cont.)

CRC is based on the road area multiplied by a unit price; the unit price being an estimate of labour and material inputs, services costs, and overhead allocations. Council uses known pavement thickness for most assets and applies a 350mm default when unknown. For internal construction estimates, material and services prices are based on existing supplier contract rates or supplier price lists and labour wage rates are based on Council's Enterprise Bargaining Agreement (EBA). Where construction is outsourced, CRC is based on the average of completed similar projects over the last few years.

##### Stormwater

A full valuation of stormwater infrastructure was undertaken by Council staff effective 30 June 2014. Similar to roads, drainage assets are managed in segments; pits and pipes being the major components.

Consistent with roads, Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment and that a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials for each pipe depth.

CRC is based on the unit price for the component type. For pipes, the unit price is multiplied by the asset's length. The unit price for pipes is based on the construction material (including pipe diameter) as well as the depth the pipe is laid.

##### Other infrastructure

A full valuation of other infrastructure was undertaken by Council staff effective 30 June 2016. Following revaluation, the asset class was reviewed and redistributed across existing asset classes. The reallocation amounts are shown in note 24 (Property, plant and equipment).

##### Parks & Open Space

A full valuation of parks & open space was undertaken by Council staff effective 30 June 2016. The asset class is reviewed between valuations and indexed as required.

##### Cultural & Heritage

The valuation of Council's art collection was determined by D. Bett, an independent art valuer, as at 4 November 2011. The art collection is indexed annually using the rates determined by the independent valuer.

#### (e) Changes in recurring level 3 fair value measurements

The changes in level 3 assets with recurring fair value measurements are detailed in Note 24. There have been no transfers between level 1, 2 or 3 measurements during the year.

#### (f) Valuation processes

Council's valuation policies and procedures are determined by the Asset Management Team which includes the City Engineer and Executive Manager Organisational Performance. Policies are then reviewed by the Senior Management Group before referral to the Executive Leadership Team. They are reviewed every 2 years or sooner to reflect changes in accounting treatment. Revaluation Guidelines are prepared each year and reviewed by the Asset Management Team. The Guidelines are referred to the Audit Panel for review and comment and ultimately to Council.

Council's current policies for the valuation of property, infrastructure, plant and equipment and investment in water corporation are set out in Note 22 and 24.

#### (g) Assets and liabilities which are not measured at fair value, but for which fair value is disclosed

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes. (refer Note 40)

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (level 2).

# DEVONPORT CITY COUNCIL

## Financial Report for the year ended 30 June 2016

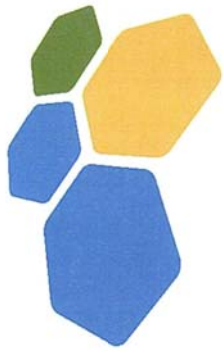
### Certification of the Financial Report

The financial report presents fairly the financial position of the Devonport City Council as at 30 June 2016, the results of its operations for the year then ended and the cash flows of the Council, in accordance with the Local Government Act 1993 (as amended), Australian Accounting Standards (including interpretations) and other authoritative pronouncements issued by the Australian Accounting Standards Board.



Paul West  
**GENERAL MANAGER**

Dated: 15 August 2016.



# Tasmanian Audit Office

Devonport City Council (Council)

## Report to Those Charged with Governance

For the year ended 30 June 2016

# Contents

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	Page
Contents	1
Introduction	2
Scope of the audit	2
Status of the audit	2
Unadjusted differences/disclosure deficiencies	3
Independence	3
Disclaimer	3
Appreciation	3
Key areas of focus	4
Internal control	6
Additional matters	8
Financial analysis	12
Appendix one – draft audit opinion	13
Appendix two – scoresheet report	14



## Introduction

This report communicates matters arising from our audit of the financial report of Council for the year ended 30 June 2016 which we consider appropriate for the attention of Council. These matters have been discussed with management. This report also covers matters highlighted in our Financial Audit Strategy as presented to the Audit Panel on 7 March 2016 and issued on 18 March 2016.

## Scope of the audit

Our audit was performed pursuant to the *Audit Act 2008 (Tas)*. We have performed our audit in accordance with Australian Auditing Standards in order to provide reasonable assurance that the financial report is free of material misstatement.

In our Financial Audit Strategy we highlighted areas we considered would have a material impact on our audit. Information on how these were addressed is included in the areas of significance.

## Status of the audit

We have substantially completed our audit of the financial report and we expect to issue an unmodified audit opinion. Refer to Appendix One.

The finalisation of our audit opinion is subject to the finalisation of the audit. The aspects of the audit that are to be finalised are:

- satisfactory completion of appropriate procedures relating to subsequent events up to the date of our audit report
- receipt of the signed management representation letter.

## Unadjusted differences/disclosure deficiencies

We have not identified any uncorrected misstatements (including disclosure deficiencies) that, in our judgement, either individually or in aggregate, could have a material effect on the financial report for the year ended 30 June 2016.

During the audit we identified financial amounts and disclosure matters that we believe should be recorded differently in the financial statements, we refer to these items as "differences". The unadjusted differences are detailed in Appendix Two. In total, the effect of the unadjusted differences on the financial report is that the Net Result is understated by \$0.113m, and Net Assets is understated by \$0.541m.

## Independence

The signing officer and all staff on the audit engagement team have confirmed that they have been independent of Council. In conducting this audit, we have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements, including the Accounting Professional and Ethical Standards Board Statement APES 110 *Code of Ethics for Professional Accountants*.

## Disclaimer

This report is intended solely for the information and use of Council, management, and others within Council for the purposes stated herein, and is not intended to be and should not be used or relied upon by any other person or by any person for any other purpose.

## Appreciation

We would like to take this opportunity to extend our appreciation to management and staff for their assistance and cooperation during the course of our audit.

### Key areas of focus

Our audit procedures were focused on those areas of Council’s financial report that were identified and assessed as audit risks. These areas were identified as a result of:

- the risk assessment processes undertaken during the planning phase which were presented to the Audit Panel in our Financial Audit Strategy on 7 March 2016 and throughout our engagement

Key areas of focus	Audit approach
<p><b>Property, Plant &amp; Equipment</b></p> <p>Property, plant and equipment includes material long-life infrastructure assets.</p> <p>Revaluations require estimations, judgments and complex calculations. There is a risk of material misstatement of assets and depreciation as a result of this process.</p> <p>In 2015-16 Council undertook a full revaluation of its Road assets and indexed Buildings and Stormwater.</p> <p>Useful lives of assets and consequent depreciation policies can have a significant impact upon annual financial results of council.</p>	<p><b>We:</b></p> <ul style="list-style-type: none"> <li>• reconciled movements and closing balances to asset registers</li> <li>• reviewed revaluations including verification to supporting documentation and assessed key assumptions and related disclosures</li> <li>• ensured valuation movements were recognised and disclosed appropriately</li> <li>• reviewed the qualifications and independence of asset valuers.</li> </ul> <p>In addition, we reviewed Council’s financial statements to ensure compliance with AASB 13 <i>Fair Value Measurement</i> and Council’s policy.</p> <p>We performed detailed analytical review over the depreciation calculation and assessed useful lives.</p>
<p><b>Capital Expenditure</b></p> <p>Council has significant capital works and maintenance expenditure programs.</p>	<p>We undertook audit procedures aimed at ensuring capital and maintenance expenditure was appropriately accounted for and disclosed.</p>



### Key areas of focus (continued)

Key areas of focus	Audit approach
<p><b>Bank balances</b> Council holds significant cash and investment balances. Cash and cash equivalents by nature are liquid assets and are highly susceptible to fraud.</p>	<p>All material bank accounts and investments were verified to external bank confirmations.</p>
<p><b>Rate revenue</b> Council's major revenue is derived from rates and related charges which are calculated on individual properties.</p>	<p>We:</p> <ul style="list-style-type: none"> <li>substantiated rates by reconciling councils' rateable and non-rateable AAV to the Valuer-General's AAV total</li> <li>performed analytical review procedures over rates and charges for the period building changes from the prior period into our expectations.</li> </ul>
<p><b>Other revenue</b> Council has a wide range of revenue streams that make up user charges revenue. This can include several locations where cash receipts are handled.</p>	<p>We:</p> <ul style="list-style-type: none"> <li>examined and documented the rendering of services system</li> <li>performed substantive testing over a sample of transactions to supporting documentation.</li> </ul>
<p><b>Grant funding</b> Council receives significant funds from the Australian Government, through the State Grants Commission, in the form of Financial Assistance Grants (FAG). Such FAGs are provided for general purpose use and for the provision of local roads.</p>	<p>We confirmed balances by means of external confirmations, obtained from the Department of Treasury and Finance, and agreed the balances to the financial statements.</p>

### Key areas of focus (continued)

Key areas of focus	Audit approach
<p><b>Expenditure</b> Council's staff are able to place orders for goods and services under various delegation limits and centralised payment processing systems. These arrangements require effective internal controls including separation between ordering and approval processes.</p>	<p>We:</p> <ul style="list-style-type: none"> <li>reviewed and tested key controls over the purchasing and payment systems, adopting rotational controls reliance in 2015-16</li> <li>reviewed year end creditor and accrual balances to ensure adequate "cut-off" procedures were applied.</li> <li>undertook detailed testing of purchase transactions.</li> </ul>
<p><b>Employee benefits</b> Council employs a large number of employees, on differing rates of pay, and employee expenses is a significant expenditure item. A number of employees complete timesheets which increases the complexity of the payroll process.</p> <p>Annual leave and long service leave balances are material balances for council. Calculations of LSL and some annual leave liabilities are based on a number of assumptions and, where applicable, discounting is applied.</p>	<p>We:</p> <ul style="list-style-type: none"> <li>verified that key controls over payroll transactions were operated throughout the period</li> <li>performed detailed analytical procedures over wage and salary accounts, based upon average full time equivalent employee numbers</li> <li>reviewed the allocation of employee costs to capital expenditure.</li> </ul> <p>Employee provision calculations were tested for accuracy and reasonableness. We also tested the allocation between current and non-current liabilities.</p>
<p><b>General journals</b> Council processes a number of journal entries within their finance systems to manage transactions, adjust account balances or correct misallocations.</p>	<p>We reviewed general journals posted throughout the year to ensure that these journals represented valid transactions and were supported by adequate documentation.</p>
<p><b>Borrowings</b> Council holds a material balance in borrowings.</p>	<p>We confirmed year-end loans with third parties.</p>

### Internal control

Australian Auditing Standards require us to obtain an understanding of Council and its environment, including Council's internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial report.

Our audit was not designed to provide assurance as to the overall effectiveness of internal control within Council.

### Key audit findings/assessment of internal controls

In performing our audit we have not identified any significant deficiencies in internal control relating to the prevention and detection of fraud and error.

### Irregularities, fraud or regulatory non-compliance

In performing our audit we have not become aware of any instances of non-compliance with applicable laws and regulations that would have an impact on the determination of material amounts and disclosures in the financial report.

## Additional matters

Other significant matters arising from the audit are reported below.

### Significant matters

#### Living City

Council's General Manager and Executive Manager Organisational Performance, met with representatives from our Office on 30 May 2016 to discuss the impact of the Living City project on Council's future operations. Stage One of the project is estimated to cost \$70.5m, with project funding made up of:

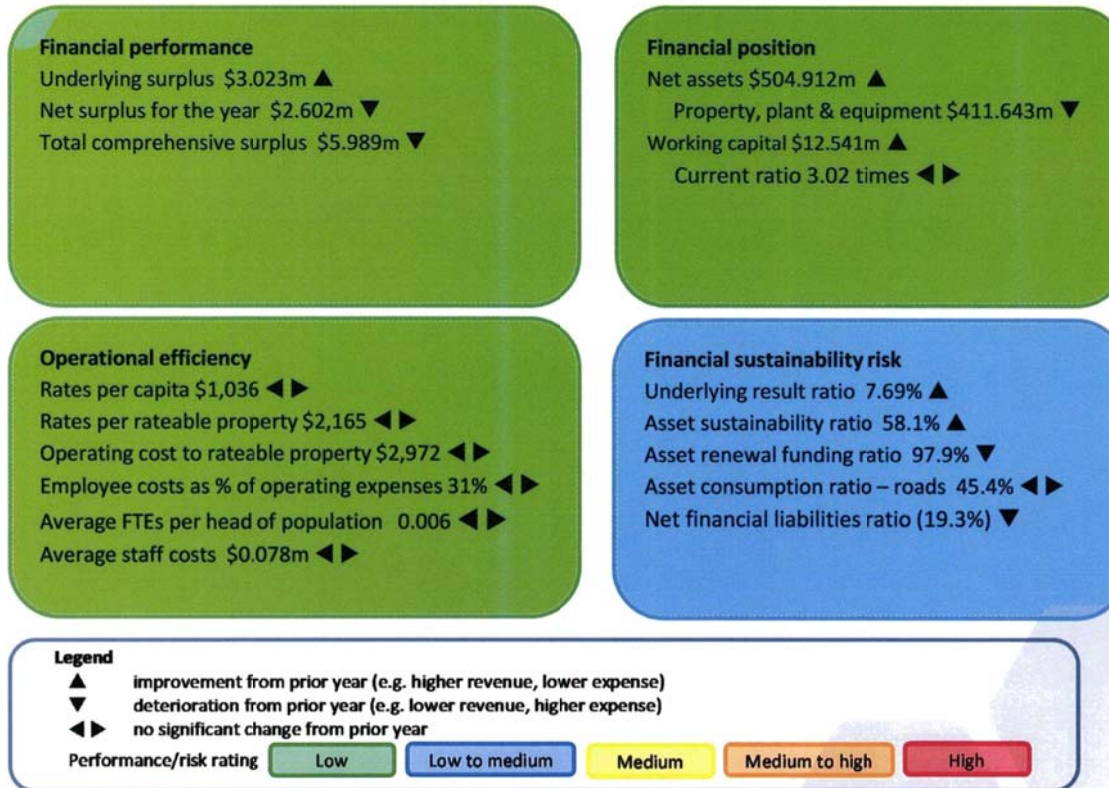
- Federal Government \$10m
- State Government \$10.5m
- Council \$11m
- Borrowings of up to \$39m.

In late July 2016, Council refinanced its existing TasCorp loan portfolio of approximately \$21m, with ANZ. Council incurred a market adjustment fee but is expected to save in future interest costs.

Given the project's magnitude and associated risks, there has been significant public scrutiny and media attention. The Office will monitor the project's progress and, in particular, the impact on Council's finances and sustainability.

## Financial analysis

The following tables provide a snapshot of Council's key financial results and indicators. Our analysis of this information is provided on the next page.



## Financial analysis continued

### Financial Performance

In 2015-16 Council reported a total Comprehensive surplus of \$5.989m (2014-15, \$44.280m), which included a:

- net surplus for the year of \$2.602m (\$7.806m),
- fair value adjustment on Council's investment in TasWater of \$1.433m (\$0.671m)
- net asset revaluation increment of Council's property, plant and equipment of \$1.901m (\$37.846m)
- net asset revaluation increment for associated with Council's investment in Dulverton Regional Waste Management Authority of \$0.053m (\$0.357m).

The decrease in Council's net surplus was driven by:

- a decrease in recurrent grant revenue of \$1.995m due to the prepayment of 2015-16 Federal Assistance Grants in June 2015 of \$0.981m
- the de-recognition of assets totalling \$3.089m, of which the majority related to the scheduled demolition of Council's main offices.

Council's underlying surplus of \$3.023m was relatively consistent with the prior year surplus of \$2.334m. The main impact on the result was an increase in the share of profit of associates of \$0.426m.

### Financial Position

Council's Net Assets increased from \$498.923m at 30 June 2015 to \$504.912m. The main drivers were:

- an increase in capital work-in-progress of \$7.716m to \$10.395m at 30 June 2016. The balance included \$4.952m relating to the Living City project
- an increase in the investment in TasWater of \$1.433m, offset by
- a decrease in property, plant and equipment of \$3.286m, which included the de-recognition of assets totalling \$3.089m as noted above
- a decrease in cash and cash equivalents of \$1.683m, which was impacted by the significant payments for property, plant and equipment of \$12.023m.

Council continued to be in a strong liquidity position with a working capital of \$12.541m and a current ratio of 3.02 times at 30 June 2016.

## Financial analysis continued

### Operational Efficiency

Council's operational efficiency indicators showed that rates levied, operating costs and employee costs were consistent with the prior year.

### Financial Sustainability Risk

Council's underlying result ratio increased from 6.04% in 2014-15 to 7.69% in 2015-16, which reflected the increase in the underlying result noted above.

The asset sustainability ratio represents a comparison of the rate of spending on existing infrastructure, property, plant and equipment through renewing, restoring and replacing existing assets, with depreciation. Council's relatively low ratio of 58.1% reflected Council's recent period of investment in new assets, most notably the Living City property purchases and Aquatic Centre development.

The asset renewal funding ratio is based on information from Council's long-term financial and asset management plans, which are not subject to audit. The ratio of 97.9% represented a combination of ratios for Parks and Open Spaces, Buildings, Roads and Stormwater, as disclosed in Council's financial statements. In total, the ratio indicated that Council has the capacity and intention to fund future asset replacements.

The asset consumption ratio shows the depreciated replacement cost relative to gross value. Council's road assets have, on average, 45.5% new condition left. This is within the benchmark of 40-60%.

The net financial liabilities ratio indicates the extent to which net financial liabilities could be met by operating income. A negative ratio means that Council's total liabilities exceeded liquid assets. The negative ratio is expected to increase as Council draws down new borrowings to help fund the Living City project.

## Appendix one – draft audit opinion

### Independent Auditor's Report

To the Aldermen of Devonport City Council

Financial Report for the Year Ended 30 June 2016

### Report on the Financial Report

I have audited the accompanying financial report of Devonport City Council (Council), which comprises the statement of financial position as at 30 June 2016 and the statements of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the General Manager's statement.

### Auditor's Opinion

In my opinion Council's financial report:

- (a) presents fairly, in all material respects, its financial position as at 30 June 2016 and financial performance, cash flows and changes in equity for the year then ended
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

### *The Responsibility of the General Manager for the Financial Report*

The General Manager is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Section 84 of the *Local Government Act 1993*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.



## Appendix one – draft audit opinion

### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on my judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, I considered internal control relevant to the General Manager's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Manager, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My audit responsibility does not extend to the budget figures included in the statement of comprehensive income, the asset renewal funding ratio disclosed in note 41, nor the Significant Business Activities disclosed in note 3 to the financial report and accordingly, I express no opinion on them.

## Appendix one – draft audit opinion

### Independence

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements.

The *Audit Act 2008* promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

### Tasmanian Audit Office

E R De Santi  
**Deputy Auditor-General**  
**Delegate of the Auditor-General**

Hobart  
25 August 2016

## 4.9 FINANCE REPORT FOR AUGUST 2016

File: 26544 D419093

### RELEVANCE TO COUNCIL'S PLANS & POLICIES

Council's Strategic Plan 2009-2030:

Strategy 5.5.1 Provide financial services to support Council's operations and meet reporting and accountability requirements

### SUMMARY

To report the details of Council's financial position and operational outcomes against budget for the current financial year.

### BACKGROUND

Financial reports are provided to Council for information.

### STATUTORY REQUIREMENTS

No statutory requirements relate directly to this report.

### DISCUSSION

The attached report provides an overview of Council's financial position and year to date operating result as of 31 August 2016.

Included in the report are the following:

Financial Summary – This report provides an overview of Council's Operational and Capital Income and Expenditure, along with details on cash position and Debtors information for the reporting period.

Summarised Operating Report – This report provides a summary of operational income and expenditure for the period to date compared to both the YTD Budget and Annual Budget. The Report has been amended to include the Forecast Operating Position as at the date of the Report.

Financial Charts – These charts provide a visual representation of year to date Income and Expenditure compared to budget and prior year, plus a Capital Expenditure chart which demonstrates the progress of the current year capital plan against budget and prior year capital plan information for reference.

Balance Sheet Report – This report provides a snapshot of Council's financial position at the end of the reporting period.

Capital Expenditure Report – This report provides a list of all approved capital expenditure projects with their allocated budget, YTD expenditure and forecast expenditure including commentary in relation to budget variances, as well as whole of project budget and cost for those projects which span more than one financial year.

### COMMUNITY ENGAGEMENT

No community engagement was required for this report.

### FINANCIAL IMPLICATIONS

This report presents Council's operating result and financial position and is provided for information purposes.

**RISK IMPLICATIONS**

- Financial  
Inaccurate financial information could lead to poor financial decision making.

**CONCLUSION**

The monthly financial report provides an overview of Council's operating result and financial position at the end of the reporting period.

**ATTACHMENTS**

1. Council Meeting - Attachment 1 - Finance Report - Aug 2016
2. Council Meeting - Attachment 2 - Capital Works - Aug 2016

**RECOMMENDATION**

That it be recommended to Council that the Finance Report for August 2016 be received and noted.

Author:	Rodney O'Rourke	Endorsed By:	Kym Peebles
Position:	Accountant	Position:	Executive Manager Organisational Performance



## Devonport City Council FINANCE REPORT

### For the month ended August 2016

The operating result for August Year to Date is a deficit of \$1.14M which represents a 5.0% loss on budget. The unfavourable result is due to the market value adjustment of \$1.7M relating to the early payout of loans held with Tascorp.

#### **Rates & Service Charges - \$272K Favourable**

Rates and services charges are ahead of budget due to a significant number of both commercial and residential supplementary assessments processed late in 2015/16 therefore increasing rate income processed in the 1/7/2016 rate run. A \$300K forecast adjustment has been made. In addition the gain includes approximately \$67K of unbudgeted rates income from previously exempt independent living units, the additional income has been partially offset by a 80% general remission (refer 'Other Expenses' below).

#### **Fees and User Charges - \$37K Unfavourable**

Fees and user charges are currently behind budget due to: admission charges (predominantly marketing & events relating to the JAZZ festival and the DECC), animal registrations, transfer station entry fees, parking fees and sale of goods. These reductions were partially offset by gains in development fees and infringement/fines income.

#### **Grants - Operating - \$6K Favourable**

Variations are relatively minor and relate to Corporate Revenue (Federal Assistance Grant ) and the Gallery (Arts Tasmania annual funding).

#### **Contributions - Operating - \$6K Favourable**

The favourable variation relates to developer contributions.

#### **Dividend Income - \$11K Favourable**

The favourable variation relates to above budget TasWater tax equivalence income.

#### **Profit sharing - Nil Variation**

#### **Interest Income - \$38K Favourable**

The favourable variation relates to interest income as a result of a higher than expected investment balance at the beginning of the financial year and improved interest rates through the use of short term deposits.

#### **Other Revenue - \$4K Unfavourable**

The majority of the favourable variation relates to the recovery of parking fines.

#### **Employee Benefits - \$223K Favourable**

Expenditure on employee benefits is below budget, the favourable variation consists of: direct employee costs \$127K, leave entitlements \$46K, employee related costs (training, w/comp & payroll tax) \$37K and superannuation \$12K. The variation can be attributed in part to unfilled vacancies as the budget for employee costs was based on 148.5 FTE's whereas the actual YTD figure as at 19/8/2016 totalled 143.47 FTE's.

#### **Materials and Services - \$225K Favourable**

Expenditure on materials is currently less than budget particularly in the areas of: consultants \$62K, contractors \$55K, general expenses \$38K, advertising and printing \$32K and utilities \$21K. Actual and budget expenditure are expected to more closely align as the year progresses.

#### **Depreciation - \$26K Unfavourable**

An unfavourable depreciation variation has been recorded for July and August with the majority of the variation being recorded against: urban roads, the aquatic centre and stormwater.

#### **Financial Costs - \$1.8M Unfavourable**

The variance relates to an interest rate market adjustment paid to the Tasmanian Public Finance Corporation (Tascorp) on the early payout of existing Tascorp loans. The loans were refinanced through ANZ with competitive interest rates expected to result in future interest savings.

**Levies & Taxes - \$51K Unfavourable**

The majority of the unfavourable variation relates to Council rates charged to the aquatic centre. The increase in rates charges is directly related to a supplementary revaluation reflecting the capital upgrade of the facility.

**Other Expenses - \$17K Unfavourable**

The variation in other expenses is due to an unbudgeted 80% general rate remission provided for independent living units, this unfavourable variation was partially offset by a gain in bad debts expense. A forecast adjustment of \$44K has been made.

**Internal Charges and Recoveries - \$9K Unfavourable**

Internal charges and recoveries are slightly behind budget as a result of fewer labour hours being capitalised than planned. Net recoveries from Operations are behind budget by \$14K and City Infrastructure is ahead of budget by \$5K. According to the Works system, to the end of August 2016, a total of 1,895 labour hours have been capitalised compared to a budget of 2,204 hours.

**Balance Sheet**

The balance of Capital Work in Progress at the end of August is \$11.2M, of which \$11.0M relates to prior years projects not yet capitalised, including \$5.8M in relation to the LIVING CITY Project. To date, \$392K has been capitalised relating to prior year capital projects.

<b>SUMMARISED OPERATING REPORT</b>						
<b>YTD to August 2016</b>						
	<b>YTD</b>		<b>YTD Variance</b>		<b>Full Budget</b>	<b>Forecast</b>
	<b>Budget</b>	<b>Actual</b>	<b>\$</b>	<b>%</b>	<b>2017</b>	<b>2017</b>
<b>INCOME</b>						
Rates and Service Charges	26,856,475	27,128,202	271,727	1.0%	26,970,475	27,270,475
Fees and User Charges	1,093,529	1,056,043	(37,486)	-3.4%	6,337,100	6,337,100
Grants - Operating	555,333	561,599	6,266	1.1%	2,127,000	2,127,000
Contributions - Operating	24,843	30,509	5,666	22.8%	81,790	81,790
Dividend Income	32,000	42,813	10,813	33.8%	2,007,000	2,007,000
Profit Sharing	-	-	-	0.0%	30,000	30,000
Interest Income	41,667	80,204	38,538	92.5%	250,000	250,000
Other Revenue	162,810	158,491	(4,318)	-2.7%	1,058,832	1,058,832
<b>TOTAL INCOME</b>	<b>28,766,657</b>	<b>29,057,863</b>	<b>291,206</b>	<b>1.0%</b>	<b>38,862,197</b>	<b>39,162,197</b>
<b>EXPENSES</b>						
Employee Benefits	1,991,476	1,768,219	223,256	11.2%	12,125,543	12,125,543
Materials and Services	1,953,624	1,728,221	225,403	11.5%	13,019,128	13,019,128
Depreciation	1,385,133	1,411,030	(25,897)	-1.9%	8,310,800	8,310,800
Financial Costs	72,191	1,850,713	(1,778,521)	-2463.6%	1,077,441	2,786,441
Levies & Taxes	435,435	486,825	(51,390)	-11.8%	3,237,643	3,237,643
Other Expenses	196,650	213,360	(16,710)	-8.5%	1,068,170	1,112,170
Internal Charges and Recoveries	(95,150)	(85,764)	(9,386)	9.9%	(569,157)	(569,156)
<b>TOTAL EXPENSES</b>	<b>5,939,359</b>	<b>7,372,604</b>	<b>(1,433,245)</b>	<b>-24.1%</b>	<b>38,269,569</b>	<b>40,022,569</b>
<b>NET OPERATING SURPLUS / (DEFICIT)</b>	<b>22,827,298</b>	<b>21,685,259</b>	<b>(1,142,039)</b>	<b>-5.0%</b>	<b>592,628</b>	<b>(860,372)</b>
<b>CAPITAL ITEMS</b>						
Grants - Capital	29,000	279,550	250,550	864.0%	4,928,434	
Contributions - Capital	-	-	-	0.0%	14,200,000	
Gain / Loss on Disposal of Assets	-	(171,691)	(171,691)	#DIV/0!	(699,000)	
Change in Value of Investment in Water Co	-	-	-	0.0%	105,000	
<b>TOTAL CAPITAL ITEMS</b>	<b>29,000</b>	<b>107,859</b>	<b>78,859</b>	<b>271.9%</b>	<b>18,534,434</b>	
<b>NET SURPLUS / (DEFICIT)</b>	<b>22,856,298</b>	<b>21,793,118</b>	<b>(1,063,180)</b>	<b>-4.7%</b>	<b>19,127,062</b>	
<b>Own Source Revenue:</b>	<b>98.0%</b>	<b>98.0%</b>			<b>94.3%</b>	

## FINANCIAL SUMMARY YTD to August 2016

Operating Summary	YTD		Annual Budget	Current Forecast
	Budget	Actual		
Revenue	28,766,657	29,057,863	38,862,197	39,162,197
Expenditure	5,939,359	7,372,604	38,269,569	40,022,569
<b>Operating Position</b>	<b>22,827,298</b>	<b>21,685,259</b>	<b>592,628</b>	<b>(860,372)</b>

Capital Expenditure Summary	Annual Budget	Actual	Annual Forecast
<b>Capital Expenditure</b>	<b>41,339,300</b>	<b>1,109,229</b>	<b>41,339,300</b>

Cash Information	August 2016	June 2015
Operating Account (Reconciled balance)	2,125,116	1,174,633
Interest-Earning Deposits	18,848,444	17,262,931
	<b>20,973,559</b>	<b>18,437,565</b>

Debtor Information	August 2016	June 2016	Rates Debtors	August 2016	% of Annual Rates
			Ageing		
Rates Debtors	17,423,213	(3,095)	2016/2017 - Current	17,076,499	62.9%
Infringement Debtors	111,961	113,998	2015/2016 - 1 Year	201,671	
Sundry Debtors	408,710	359,988	2014/2015 - 2 Years	61,734	
Planning & Health Debtors	15,661	9,696	2013/2012 - 3 Years	29,328	
	<b>17,959,545</b>	<b>480,587</b>	2012/2013 - Older	53,981	
				<b>17,423,213</b>	

Cash Investment Information	Actual Rate	August 2016
ANZ Cash Deposits - At Call	2.00%	7,558,375
ANZ Loan Repayment Account 1 - At Call	1.50%	86,402
CBA Cash Deposits - At Call	1.40%	2,203,666
Credit Union of Australia - Term Deposit	3.08% 180 days maturing 30/8/2016	-
ANZ - Term Deposit	3.10% 185 days maturing 31/10/2016	4,000,000
AMP - Term Deposit	2.95% 211 days maturing 7/03/2017	5,000,000
		<b>18,848,444</b>

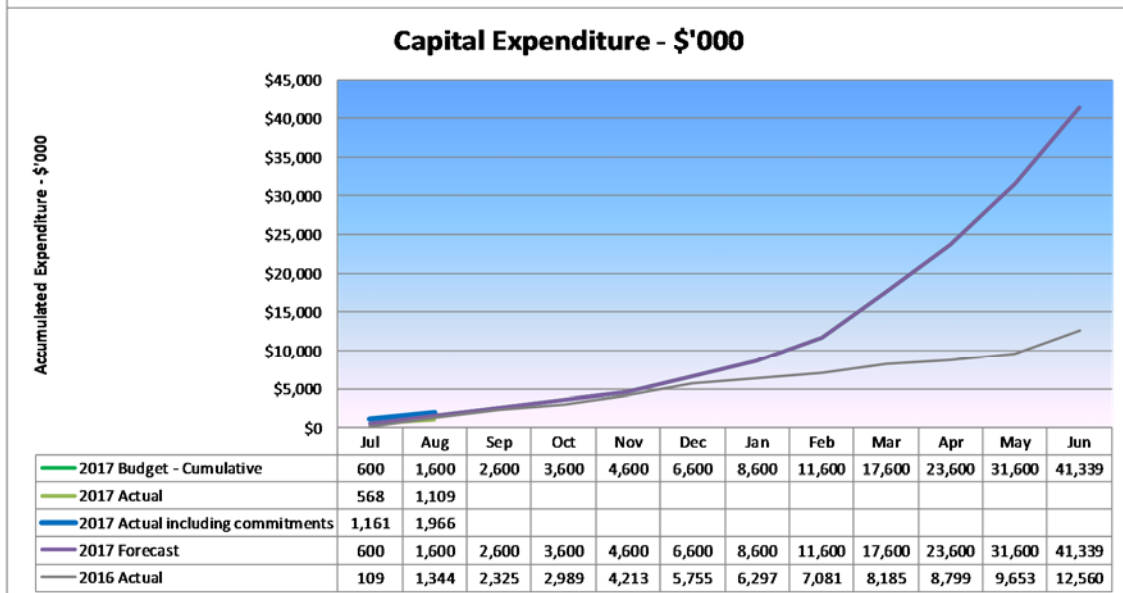
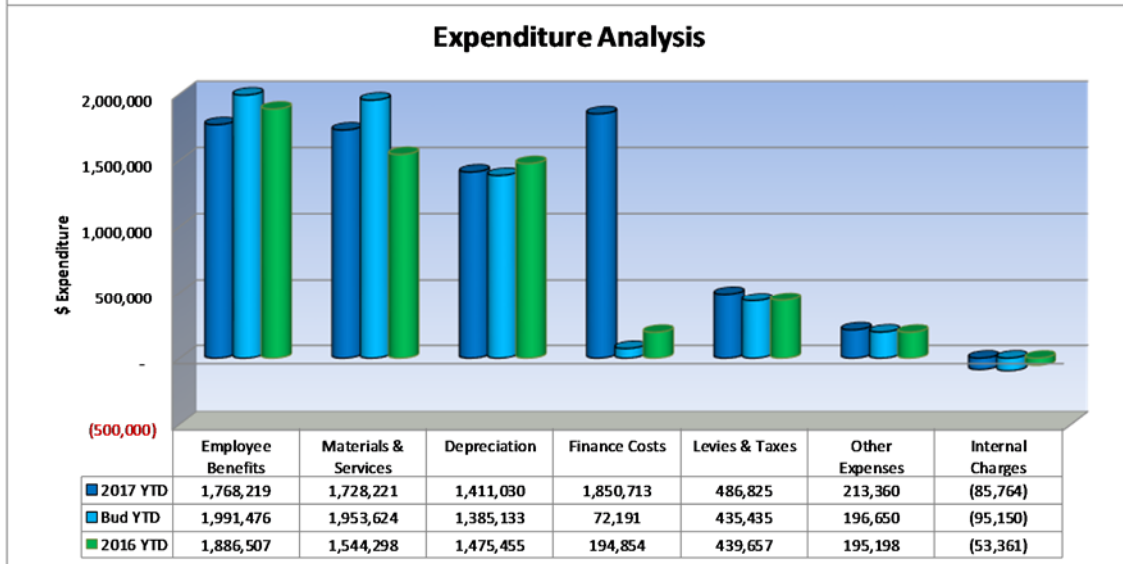
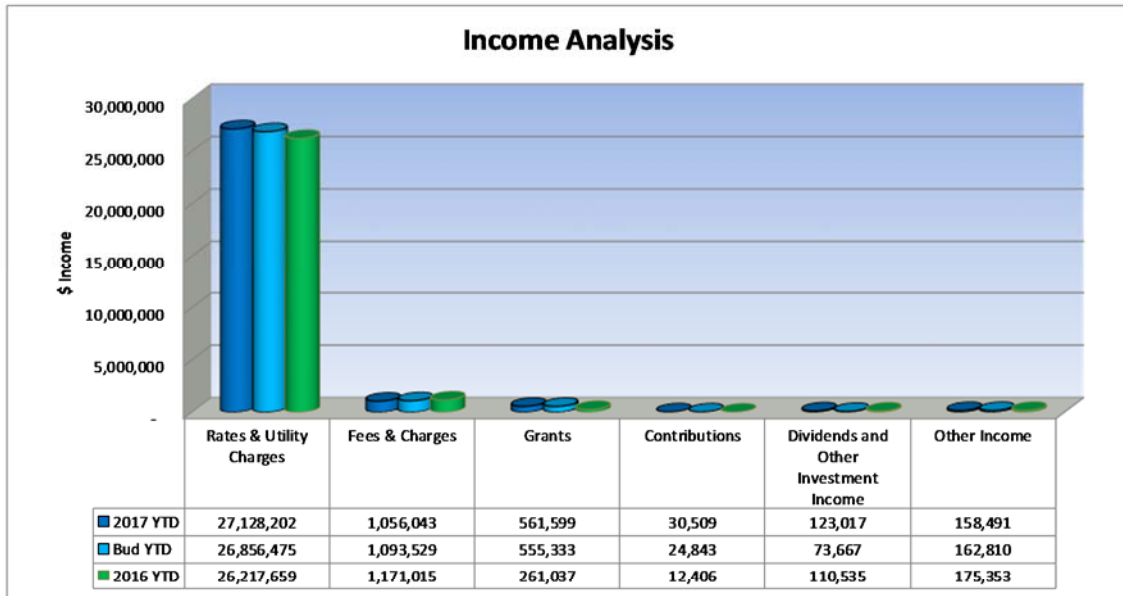
All cash investments are invested in compliance with Council's Investment Policy.

Benchmarks: BBSW90 Day Index 1.78%  
RBA Cash Rate 1.50%

### Commentary

This report provides a high level summary of operational income and expenditure, capital expenditure and the cash and receivables position as at the date of the report.





**BALANCE SHEET REPORT**

As at August 2016

	31 Aug 2016	30 Jun 2016
<b>Current Assets</b>		
Cash at Bank and On Hand	2,125,116	3,240,687
Trust Deposits	151,740	187,524
Cash Investments	18,848,444	13,546,681
Receivables - Rates and Utility Charges	17,423,213	(3,095)
Receivables - Infringements	111,961	113,998
Receivables - Sundry	408,710	359,988
Receivables - Planning & Health	15,661	9,696
Accrued Revenue	51,334	991,162
Prepayments	71,834	75,834
Net GST Receivable	110,072	238,912
	<b>39,318,085</b>	<b>18,761,387</b>
<b>Non Current Assets</b>		
Dulverton Regional Waste Management Authority	4,739,203	4,739,203
TasWater	85,664,333	85,664,333
Property, Plant & Equipment	665,451,670	665,686,254
Accumulated Depreciation - PP&E	(254,998,903)	(254,042,638)
Capital Work in Progress	11,195,210	10,395,113
	<b>512,051,512</b>	<b>512,442,265</b>
<b>Total Assets</b>	<b>551,369,597</b>	<b>531,203,652</b>
<b>Current Liabilities</b>		
Trade Creditors	898,709	420,707
Accruals	602,032	2,575,498
Trust Liability	159,034	182,754
Loans - Current	732,000	892,023
Annual Leave	1,072,558	1,023,424
Long Service Leave - Current	1,144,652	1,123,133
	<b>4,608,985</b>	<b>6,217,539</b>
<b>Non Current Liabilities</b>		
Loans - Non-Current	19,596,972	19,615,333
Long Service Leave - Non-Current	454,889	454,889
	<b>20,051,861</b>	<b>20,070,222</b>
<b>Total Liabilities</b>	<b>24,660,846</b>	<b>26,287,761</b>
<b>Net Assets</b>	<b>526,708,751</b>	<b>504,915,891</b>
<b>Equity</b>		
Asset Revaluation Reserve	297,301,720	297,301,720
Asset Revaluation Reserve - Associates	1,467,918	1,467,918
Other Reserves	9,267,428	9,267,428
Accumulated Surplus	196,878,567	194,276,437
Operating Surplus / (Deficit)	21,685,259	1,762,303
Capital Surplus / (Deficit)	107,859	840,085
<b>Total Equity</b>	<b>526,708,751</b>	<b>504,915,891</b>
<b>Current Ratio:</b>	<b>8.53</b>	<b>3.02</b>

The Current ratio indicates Council's ability to pay its debts as and when they become due. A ratio of one or higher is required for the entity to remain solvent.

Devonport City Council Capital Works Income & Expenditure Report 31 August 2016													
	Income 2016/17				Expenditure 2016/17			Balance	Performance Measures				
	Annual Budget \$	Additional Funds Carried forward & adjustments \$	Total Budget Available \$	External Funding Included in Total \$	Actual \$	Commitments \$	Total Expenditure \$	Remaining Funds \$	Works Start Month	Works Completion Month	% Budget Spent	Comments	
<b>Summary</b>													
Open Space & Recreation	414,000	286,000	700,000	29,000	110,505	10,174	120,679	579,321					
Facilities	2,224,000	80,000	2,304,000	-	9,286	202,829	212,115	2,091,885					
Stormwater	742,000	-	742,000	-	5,847	-	5,847	736,153					
Transport	5,517,000	115,000	5,632,000	1,399,434	162,397	620,702	783,098	4,848,902					
Living City	30,000,000	1,000,000	31,000,000	15,500,000	817,857	23,514	841,371	30,158,629					
Plant & Fleet	809,300	-	809,300	-	-	-	-	809,300					
Other Equipment	152,000	-	152,000	-	3,336	-	3,336	148,664					
<b>Total Capital Works</b>	<b>39,858,300</b>	<b>1,481,000</b>	<b>41,339,300</b>	<b>16,928,434</b>	<b>1,109,229</b>	<b>857,219</b>	<b>1,966,448</b>	<b>39,372,852</b>					
<b>Open Space &amp; Recreation</b>													
CP0099 Mersey Vale - MBS stage 1		150,000	150,000	-	88,660	9,424	98,084	51,916	CF	Nov 2016	65.4%	Construction nearing completion, lid lifting equipment due to arrive in October	
CP0111 Pioneer Park - New Toilets & Parenting Facilities		-	-	-	10,266	-	10,266	(10,266)	CF	completed	#DIV/0!		
CP0116 Devonport Oval Practice Wicket Upgrade		20,000	20,000	-	-	-	-	20,000	CF	TBA	0.0%		
CP0120 Sister Cities - 20 year Anniversary , Commemorative Seat		-	-	-	10,773	-	10,773	(10,773)	CF	completed	#DIV/0!		
CP0124 Mariners Park - Seawall mowing strip	30,000	-	30,000	-	-	-	-	30,000	Nov 2016	Dec 2016	0.0%		
CP0125 Victoria Parade boat ramp shared path alterations	90,000	-	90,000	-	-	-	-	90,000	TBA	TBA	0.0%		
CP0126 Victoria Parade shared path rail crossing	15,000	-	15,000	-	-	-	-	15,000	TBA	TBA	0.0%		
CP0127 Bluff Road - Fitness equipment renewal	70,000	-	70,000	-	-	-	-	70,000	Oct 2016	Nov 2016	0.0%	RFQ have been received	
CP0128 Signage Strategy Actions	30,000	36,000	66,000	-	-	-	-	66,000	TBA	TBA	0.0%		
CP0129 Don River Rail Trail - Don to Tugrah gravel track	86,000	-	86,000	-	-	-	-	86,000	TBA	TBA	0.0%		
CP0130 Home Hill - Facility signage	5,000	-	5,000	-	-	-	-	5,000	TBA	TBA	0.0%		
CP0131 Path lighting - Victoria Parade, 250m from Cenotaph north	52,000	-	52,000	-	-	-	-	52,000	Mar 2017	Apr 2017	0.0%		
CP0132 Pioneer Park - road safety bike park	29,000	80,000	109,000	29,000	559	750	1,309	107,691	CF	Dec 2016	1.2%		
CP0133 Mersey Vale Cemetery - Niche wall fence	7,000	-	7,000	-	247	-	247	6,753	Sept 2016	Oct 2016	3.5%		
<b>Total Open Space &amp; Recreation</b>	<b>414,000</b>	<b>286,000</b>	<b>700,000</b>	<b>29,000</b>	<b>110,505</b>	<b>10,174</b>	<b>120,679</b>	<b>579,321</b>			<b>17.2%</b>		
<b>Facilities</b>													
CB0069 Mersey Vale Cemetery - Depot Shed & Staff Amenities		80,000	80,000	-	94	-	94	79,906	CF	completed	0.1%	Awaiting final invoice from contractor	
CB0072 Fourways Car Park Toilet & Parenting Facilities Upgrade		-	-	-	7,197	-	7,197	(7,197)	CF	completed	#DIV/0!		
CB0074 Aquatic Centre Pool Heating System	45,000	-	45,000	-	481	28,024	28,506	16,494	Aug 2016	Sept 2016	63.3%		
CB0075 DECC - Accessible seating	20,000	-	20,000	-	-	-	-	20,000	Dec 2016	Jan 2107	0.0%		
CB0076 Aquatic Centre - Rainwater Tanks	14,000	-	14,000	-	-	-	-	14,000	Mar 2017	Apr 2017	0.0%		
CB0077 Aquatic Centre - HVAC works	90,000	-	90,000	-	-	-	-	90,000	Sept 2016	Oct 2016	0.0%		
CB0078 Works Depot - Vehicle wash bay	100,000	-	100,000	-	-	-	-	100,000	TBA	TBA	0.0%		
CB0079 Waste Transfer Station - Push pit roof	150,000	-	150,000	-	323	6,750	7,073	142,927	TBA	TBA	4.7%	Design progressing	
CB0080 Art Gallery and DECC Integration	1,800,000	-	1,800,000	-	1,191	168,055	169,246	1,630,754	Apr 2017	June 2017	9.4%	Design progressing	
CB0081 BSMC - Facility signage	5,000	-	5,000	-	-	-	-	5,000	TBA	TBA	0.0%		
<b>Total Facilities</b>	<b>2,224,000</b>	<b>80,000</b>	<b>2,304,000</b>	<b>-</b>	<b>9,286</b>	<b>202,829</b>	<b>212,115</b>	<b>2,091,885</b>			<b>9.2%</b>		
<b>Stormwater</b>													
CS0045 Melrose Road - new culvert near No.772		-	-	-	-	-	-	-	CF	Sep-16			
CS0050 Minor Stormwater Works 2016-17	30,000	-	30,000	-	1,455	-	1,455	28,545	Aug-16	Oct-16	4.8%		
CS0051 William SW Catchment Upgrade - Stage 6	275,000	-	275,000	-	92	-	92	274,909	Jan-17	Mar-17	0.0%		
CS0052 Stormwater outfall risk management -Mersey Bluff	30,000	-	30,000	-	3,507	-	3,507	26,493	Sep-16	Sep-16	11.7%		
CS0053 Tugrah Road Duplication of pipe crossing	45,000	-	45,000	-	-	-	-	45,000	Dec-16	Jan-17	0.0%		
CS0054 Etanera car park - drainage improvements	12,000	-	12,000	-	-	-	-	12,000	Mar-17	Apr-17	0.0%		
CS0055 Squibbs Road drainage improvements	90,000	-	90,000	-	-	-	-	90,000	Dec-16	Jan-17	0.0%		
CS0056 Tugrah Road Robertson Close Stormwater improvements	50,000	-	50,000	-	-	-	-	50,000	Dec-16	Jan-17	0.0%		
CS0057 Waste Transfer Station - litter capture	30,000	-	30,000	-	-	-	-	30,000	Mar-17	Mar-17	0.0%		
CS0058 Pit replacements	50,000	-	50,000	-	795	-	795	49,205	Nov-16	Feb-17	1.6%		
CS0059 49 Sorell st stormwater renewal	75,000	-	75,000	-	-	-	-	75,000	Mar-17	Apr-17	0.0%		
CS0060 Sorell Laneway drainage	55,000	-	55,000	-	-	-	-	55,000	Jan-17	Feb-17	0.0%		
<b>Total Stormwater</b>	<b>742,000</b>	<b>-</b>	<b>742,000</b>	<b>-</b>	<b>5,847</b>	<b>-</b>	<b>5,847</b>	<b>736,153</b>			<b>0.8%</b>		

	Income 2016/17				Expenditure 2016/17			Balance	Performance Measures			
	Annual Budget \$	Additional Funds Carried forward & adjustments \$	Total Budget Available \$	External Funding \$	Actual \$	Commitments \$	Total Expenditure \$	Remaining Funds \$	Works Start Month	Works Completion Month	% Budget Spent	Comments
<b>Transport</b>												
CT0152		90,000	90,000		2,361	71,045	73,406	16,594	CF	Oct 2016	81.6%	
CT0156			-		16,990	-	16,990	(16,990)	CF		#DIV/0!	
CT0159			-		2,374	75,172	77,546	(77,546)	CF		#DIV/0!	
CT0160			-		21,361	12,000	33,361	(33,361)	CF		#DIV/0!	
CT0164	550,000		550,000		21,057	1,355	22,412	527,588	Dec 2016	Feb 2017	4.1%	Tender process has commenced
CT0165	500,000		500,000	374,434	8,451	-	8,451	491,549	Dec 2016	Feb 2016	1.7%	Tender process has commenced
CT0166	800,000		800,000		19,656	-	19,656	780,344	Oct 2016	Jan 2017	2.5%	Design progressing
CT0167	700,000		700,000		24,357	441,721	466,078	233,922	Jan 2017	Mar 2017	66.6%	Contract awarded and preparation works underway
CT0168	25,000		25,000		340	-	340	24,660	Sept 2016	Oct 2016	1.4%	
CT0169	275,000		275,000	70,000	37	-	37	274,963	Jan 2017	Mar 2017	0.0%	
CT0170	60,000		60,000		1,939	775	2,714	57,286	Sept 2016	Oct 2016	4.5%	
CT0171	55,000		55,000		30,983	4,363	35,347	19,653	July 2016	completed	64.3%	
CT0172	50,000		50,000		5,684	-	5,684	44,316	Oct 2016	Nov 2016	11.4%	
CT0173	200,000		200,000	200,000	76	-	76	199,924	Jan 2017	Apr 2017	0.0%	
CT0174	95,000		95,000	95,000	1,025	-	1,025	93,975	TBA		1.1%	
CT0175	15,000		15,000		-	-	-	15,000	May 2017	May 2017	0.0%	
CT0176	125,000		125,000	95,000	149	-	149	124,851	Feb 2017	March 2017	0.1%	
CT0177	262,000		262,000		-	-	-	262,000	Jan 2017	Mar 2017	0.0%	
CT0178	75,000		75,000	75,000	-	-	-	75,000	TBA		0.0%	
CT0179	25,000		25,000		-	-	-	25,000	Jan 2017	Feb 2017	0.0%	
CT0180	20,000		20,000		-	6,980	6,980	13,020	TBA	TBA	34.9%	
CT0181	25,000		25,000		-	-	-	25,000	Nov 2016	Dec 2016	0.0%	
CT0182	25,000	25,000	50,000		-	-	-	50,000	Oct 2016	Nov 2016	0.0%	
CT0183	350,000		350,000		-	-	-	350,000	Feb 2017	Apr 2017	0.0%	
CT0184	80,000		80,000		266	-	266	79,734	Nov 2016	Dec 2016	0.3%	
CT0185	125,000		125,000	125,000	1,781	140	1,921	123,079	Jan 2017	Feb 2017	1.5%	
CT0186	225,000		225,000	200,000	3,017	1,450	4,467	220,533	Oct 2016	Nov 2016	2.0%	
CT0187	165,000		165,000	165,000	71	1,450	1,521	163,479	Feb 2017	Apr 2017	0.9%	
CT0188	50,000		50,000		-	-	-	50,000	Oct 2016	Nov 2016	0.0%	
CT0189	450,000		450,000		420	4,250	4,670	445,330	Apr 2017	Jun 2017	1.0%	
CT0190	190,000		190,000		-	-	-	190,000	Nov 2016	Jan 2017	0.0%	
<b>Total Transport</b>	<b>5,517,000</b>	<b>115,000</b>	<b>5,632,000</b>	<b>1,399,434</b>	<b>162,397</b>	<b>620,702</b>	<b>783,098</b>	<b>4,848,902</b>			<b>13.9%</b>	
<b>Plant &amp; Fleet</b>												
CF0017	603,800		603,800		-	-	-	603,800	NA	NA	0.0%	List of identified items to be progressively purchased
CF0018	32,000		32,000		-	-	-	32,000	NA	NA	0.0%	List of identified items to be progressively purchased
CF0016	173,500		173,500		-	-	-	173,500	NA	NA	0.0%	List of identified items to be progressively purchased
<b>Total Plant &amp; Fleet</b>	<b>809,300</b>	<b>-</b>	<b>809,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>809,300</b>			<b>0.0%</b>	
<b>Other Equipment</b>												
CE0007	78,000		78,000		3,336	-	3,336	74,664	NA	NA	4.3%	List of identified items to be progressively purchased
CC0007	74,000		74,000		-	-	-	74,000	NA	NA	0.0%	Ongoing program of IT infrastructure upgrades
<b>Total Other Equipment</b>	<b>152,000</b>	<b>-</b>	<b>152,000</b>	<b>-</b>	<b>3,336</b>	<b>-</b>	<b>3,336</b>	<b>148,664</b>			<b>2.2%</b>	
<b>TOTAL CAPITAL EXPENDITURE - EXCLUDING LIVING CITY</b>	<b>9,858,300</b>	<b>481,000</b>	<b>10,339,300</b>	<b>1,428,434</b>	<b>291,372</b>	<b>833,705</b>	<b>1,125,077</b>	<b>9,214,223</b>			<b>10.9%</b>	
<b>Living City</b>												
CB0068	28,400,000	1,000,000	29,400,000	15,500,000	814,700	22,727	837,427	28,562,573	July 2016	June 2017	2.8%	Project to continue through duration of the year
CB0073	1,600,000		1,600,000		3,157	787	3,943	1,596,057			0.2%	
<b>Total Living City</b>	<b>30,000,000</b>	<b>1,000,000</b>	<b>31,000,000</b>	<b>15,500,000</b>	<b>817,857</b>	<b>23,514</b>	<b>841,371</b>	<b>30,158,629</b>			<b>2.7%</b>	
<b>TOTAL CAPITAL EXPENDITURE - INCLUDING LIVING CITY</b>	<b>39,858,300</b>	<b>1,481,000</b>	<b>41,339,300</b>	<b>16,928,434</b>	<b>1,109,229</b>	<b>857,219</b>	<b>1,966,448</b>	<b>39,372,852</b>			<b>4.8%</b>	

## 4.10 GOVERNANCE & FINANCE REPORT

File: 29468 D434352

### RELEVANCE TO COUNCIL'S PLANS & POLICIES

Council's Strategic Plan 2009-2030:

Strategy 5.3.2 Provide appropriate support to elected members to enable them to discharge their functions

### ANNUAL PLAN SUMMARY

This report provides a summary of the activities undertaken in the following areas of Council:

- Corporate and Business Services;
- Governance; and
- Organisational Performance.

### BACKGROUND

This report is provided to the Governance and Finance Committee every two months and aims to update the Aldermen and community on matters of interest. The functional areas of Council covered by this report include:

- Governance
- Financial Reporting
- Strategic and Operational Plans
- Corporate Communication
- Human Resources
- Partnerships
- Risk Management and Insurances
- Information Technology
- Budget Management
- Car Parking
- Property Management
- Legal Issues
- Customer Service
- Financial Strategy and Management
  - Revenue and Rating
  - Grants
  - Loan Borrowings
  - Compliance
  - Related Policies
  - Financial Reporting

### STATUTORY REQUIREMENTS

Council is required to comply with the provisions of the *Local Government Act 1993* and other legislation.

### DISCUSSION

#### 1. GOVERNANCE AND LEGAL

##### 1.1 Common Seal Register

The following documents have been signed under Council's seal July - August 2016:

REG/195	Instrument Releasing Easement (part only) Dineen - Laneway	1/07/2016
REG/196	Plan of Survey - PA2015.0055	5/07/2016
REG/197	Plan of Survey - PA2015.0111	5/07/2016
REG/198	Plan of Survey - SA2013.0011	5/07/2016

## Report to Governance and Finance Committee meeting on 19 September 2016

REG/199	Application for Grant Assistance - Pedestrian Crossing Facilities - Tarleton Street East Devonport	6/07/2016
REG/200	Part 5 Agreement - SA2009.0017	8/07/2016
REG/201	Request to Amend Sealed Plans - SP170386	8/07/2016
REG/202	Request to Amend Sealed Plans - SP160729	8/07/2016
REG/203	Plan of Survey - SA2009.0017	8/07/2016
REG/204	Adhesion Order for Titles - Volume 15812 Folio 4, 5 & 6	18/07/2016
REG/205	Plan of Survey - PA2016.0075	25/07/2016
REG/206	Adhesion Order - Volume 121043/ 1 & Volume 12578/39	27/07/2016
REG/207	Draft Amendment AM2016.02 - CT216837/2	2/08/2016
REG/208	Plan of Survey - F/R167136-1 - East Devonport Bowls Club Inc	2/08/2016
REG/209	Plan of Survey - PA2014.0163	9/08/2016
REG/210	Plan of Survey - SA2010.0003	11/08/2016
REG/211	Grant Funding - Rural Bus Stop Upgrade Program	11/08/2016
REG/212	Grant Funding - Rural Bus Stop Upgrade Program	11/08/2016
REG/213	Easement Exchange - Volume 93149 Folio 20	16/08/2016
REG/214	Easement Removal Deed - Volume 164703 Folio 1	16/08/2016
REG/215	Petition to Amend Sealed Plans - SP105780	25/08/2016
REG/216	Adhesion Order Register Volume 11673 Folio 1, Volume 22391 Folio 1, Volume 23816 Folio 1 & Volume 64352 Folio 5	26/08/2016
REG/217	Plan of Survey - Folio Ref: Volume 38504 Folio 3 - PA2015.0084	29/08/2016

**1.2 By-Laws**

All formal processes relating to the amendment of Council's Parking by-law have been finalised.

**1.3 Property Management**

New tenants have taken possession of 21 Fenton Way Devonport following the relocation of Shadforth's business to Best Street. The offices will be used for the purposes of a real estate agency, commencing on 19 September.

The lease with LAD developments for 7 Victoria Parade has been extended for 15 months until October 2017. Works have commenced in the car park to create more parking spaces and also an entrance off Victoria Parade.

**1.4 Aldermen's Attendance**

Aldermen's attendance for the year to date is detailed as follows:

## Report to Governance and Finance Committee meeting on 19 September 2016

No. of Meeting Attendance	Council	Planning Authority		Community Services		Governance & Finance		Infrastructure & Works		Workshops
	2	2		1		1		1		4
		Member	Non Member	Member	Non Member	Member	Non Member	Member	Non Member	
Mayor Ald S L Martin	2	2	0	1	0	0	0	0	1	4
Ald D C Emmerton	2	0	0	0	0	0	0	1	0	2
Ald G F Goodwin	2	2	0	1	0	1	0	1	0	4
Ald A J Jarman	2	0	0	1	0	0	1	1	0	2
Ald L M Laycock	1	0	0	1	0	0	1	1	0	4
Ald J F Matthews	1	1	0	0	1	0	0	0	0	1
Ald T M Milne	2	0	1	1	0	1	0	0	1	4
Ald L M Perry	2	2	0	0	1	1	0	1	0	4
Ald A L Rockliff	2	0	1	1	0	1	0	0	0	3

## 2. ORGANISATIONAL PERFORMANCE

### 2.1. 2015/16 Year End

The focus for July and August 2016 has been the completion of the Financial Statements for the year ending 30 June 2016. The audit was completed on Friday 26 August 2016, with notification that the Deputy Auditor-General had signed the audit report. The Financial Statements will form part of the Annual Report along with financial commentary on the actual result compared to the budget. The Financial Report for the year ended 30 June 2016 is the subject of a separate report on this agenda.

## 3. CORPORATE SERVICES

### 3.1. Records Management

#### 3.1.1. Records Management Activities

Council's Records Manager software has been upgraded. The upgrade of the program has greatly improved the Audit events in the program. Training had been provided to all staff members prior to the upgrade.

### 3.2. Risk Management and Insurance

#### Number of Reported Incidents

Report Year	Number of Reported Incidents Internal	Number of Reported Incidents External
July-Aug	13	6

#### Incident Type Internal

Report Year	Personal Injury	Property Damage	Motor Vehicle	Near Hit	Hazard	Vandalism	Stolen Property	Report Only
July-Aug	6	0	5	0	0	1	0	1

#### Incident Type External

Report Year	Personal Injury	Property Damage	Motor Vehicle	Hazard	Report Only
July-Aug	2	2	2	0	0

**Insurance Claim Costs (Internal)**

Report Period	Actual Claim Costs
July-Aug	\$1,000*
Number of Claims	3

\* Break in at Depot – 4 wheels and tray sides stolen – excess \$1,000

**Insurance Claim Costs (External)**

Report Period	Potential Claim Costs	Actual Claim Costs
July-Aug	\$1300	0
Number of Claims	3	0

**Potential Claims Descriptor**

- Damage to third party vehicle - \$600
- Car hit large pot hole damaging mag - \$400
- Paver alleged to have been thrown at vehicle causing damage - \$300

**3.2.1. Risk, Health & Safety and Emergency Management Activities**

The following activities have been undertaken in this reporting period:

- An update of actions in the Corporate Risk Register
- Safe-T-Cards have been introduced to reduce the risk to staff who are required to work in isolation and potentially dangerous situations. Five cards have been distributed to cover Animal Control, Compliance, After Hours, Plumbing & Health and one staff member who works in isolation in the Mall area.
- Verbal agreement has been reached with the Maidstone Park Controlling Authority to allow Council to use the facility if required in an emergency situation. Individual clubs have been advised in writing and an MOU will be developed between Council and the Controlling Authority, after Council has received written confirmation from Maidstone Controlling Authority.
- Evacuation Procedures have been developed for Fenton Way.

**3.2.2. Training**

The following training sessions have been undertaken in this reporting period:

- Emergency Management training has been delivered to key staff.

In the next few months training will be delivered in the following areas:

- Warden training
- Fire Equipment Use
- Managing Evacuation centre



**3.3. Human Resource****3.3.1. Recruitment****Staff Appointments in July and August 2016**

<b>Position</b>	<b>Name</b>	<b>Department</b>	<b>Work Location</b>
Civil Works Serviceperson	Kimbal Fraser	Infrastructure Works and Development	Lawrence Drive
Mechanic/Diesel Fitter	Adam Connell	Infrastructure Works and Development	Lawrence Drive
Planning Officer (temporary maternity relief)	Mark McIver	Infrastructure Works and Development	Fenton Way
Technical Support Coordinator	Michael Mouat	Infrastructure Works and Development	Fenton Way
Graduate Accountant	Ekkachai Szucs	Organisational Performance	Fenton Way
Engineering and Development Officer	Phillip Bowen	Infrastructure Works and Development	Fenton Way

**Staff Departures in July and August 2016**

<b>Position</b>	<b>Name</b>	<b>Department</b>	<b>Work Location</b>	<b>Date Effective</b>
Engineering and Development Officer	Corey Gould	Infrastructure Works and Development	Fenton Way	4/7/2016
Asset and GIS Officer	Marcus Lee	Infrastructure Works and Development	Fenton Way	5/8/2016
Senior Environmental Health Officer	Karen Welsh	Infrastructure Works and Development	Fenton Way	16/8/2016

**3.3.2. Workers Compensation Claims**

<b>Policy Year ending 30 June</b>	<b>Number of Workers Compensation Claims lodged with Council's Insurer</b>	<b>Claims remaining open</b>	<b>Gross value incurred by the Insurer (including estimates)</b>
30/6/2017*	2 claims	0	\$ 2,865.82
30/6/2016*	19 claims	2	\$207,922.10
30/6/2015	12 claims	0	\$200,036.35
30/6/2014	8 claims	0	\$ 20,368.14
30/6/2013*	13 claims	1	\$261,552.80
30/6/2012	13 claims	0	\$140,681.41

**New Workers Compensation claims for the period**

There were three new worker’s compensation claims lodged in July but one relates to the June period.

No claims lodged in August.

**3.3.3. Work Experience**

No work experience participants during this period.

**3.3.4. Internship Project – UTAS**

Kate Gardiner, UTAS student has commenced an internship as part of her accredited academic unit of study and is completing a project based “Communication Strategy for Council’s Waste Management Services”. Kate commenced her internship in July and concludes 31 October 2016.

**3.3.5. Staff Training**

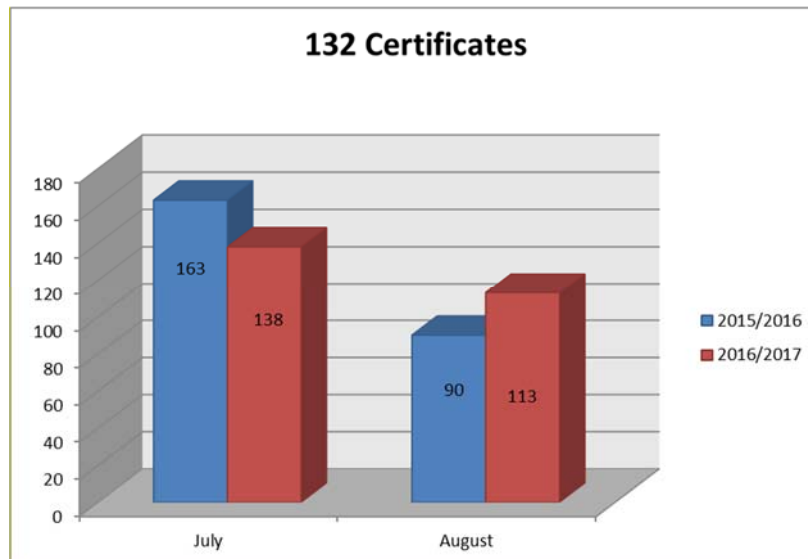
Skills Funding - Council applied for \$52,552 in Skills Funding in conjunction with NDA Tasmania and were successful in their application. Staff identified as requiring specific training through their performance management process are now enrolled to complete training in Certificate IV and Diploma of Leadership and Management, Diploma of Project Management, Diploma of Business Administration and Skills Sets in Effective Supervision Skills and Team Building. A total of 26 employees will benefit from this training with a contribution from Council of \$12,538.

LEAN Funding - A further funding submission was submitted for \$32,000 as part of the 2016/2017 Competitive Systems and Practices Programs delivered by Productivity Improvers and UTAS. Council were successful with this application which has enabled 8 employees to enrol in Certificate IV in Competitive Systems and Practices with training being delivered by the Australian Maritime College. Council’s contribution to the training is \$8,000.

**3.4. Finance**

**3.4.1. S132 Certificates**

During the months of July and August, the Finance Team issued 251 Section 132 certificates under the *Local Government Act, 1993* (Certificate of Liabilities in relation to rates on properties). This information is a good indicator of property sales in the municipality. A comparison to the previous year is shown below.



**3.4.2. Rates Statistics****Percentage of Rates Paid**

	<b>2016/2017</b>	<b>2015/2016</b>	<b>2014/2015</b>
<b>July</b>	15.30%	14.58%	9.12%
<b>August</b>	^35.38%	37.63%	34.86%

**Number of Properties Paid in Full**

	<b>2016/2017</b>		<b>2015/2016</b>		<b>2014/2015</b>	
	<b>Number</b>	<b>Percentage</b>	<b>Number</b>	<b>Percentage</b>	<b>Number</b>	<b>Percentage</b>
<b>July</b>	1040	8.43%	1034	8.50%	740	6.11%
<b>August</b>	*2231	18.09%	2838	23.34%	2306	19.03%

^Please note above statistics include rates paid in advance.

\*Housing Tasmania has elected to pay their 769 properties by instalments rather than in full by the end of August.

**3.5. Parking****3.5.1. Parking Statistics**

<b>Income -Car Parks (Total)</b>	<b>16/17</b>	<b>15/16</b>
<b>July 2016</b>	\$70,780.68	\$66,079.41
<b>August 2016</b>	\$65,146.57	\$68,408.25
<b>Total YTD</b>	\$135,927.25	\$134,487.66

<b>Income from Meters</b>	<b>16/17</b>	<b>15/16</b>
<b>July 2016</b>	\$38,945.59	\$51,317.59
<b>August 2016</b>	\$61,403.96	\$48,188.96
<b>Total YTD</b>	\$100,349.55	\$99,506.55

Note: Income figures may vary each month due to timing of cash collection

<b>Infringements Issued</b>	<b>16/17</b>	<b>15/16</b>
<b>July 2016</b>	1584	2342
<b>August 2016</b>	1725	1413
<b>Total YTD</b>	3309	3755

**3.5.2. Best Street PAYL Car park**

<b>Best Street Income</b>	<b>16/17</b>	<b>15/16</b>
<b>July 2016</b>	\$12,681.17	\$9,165.41
<b>August 2016</b>	\$11,466.46	\$8,324.81
<b>Total YTD</b>	\$24,147.63	\$17,490.22

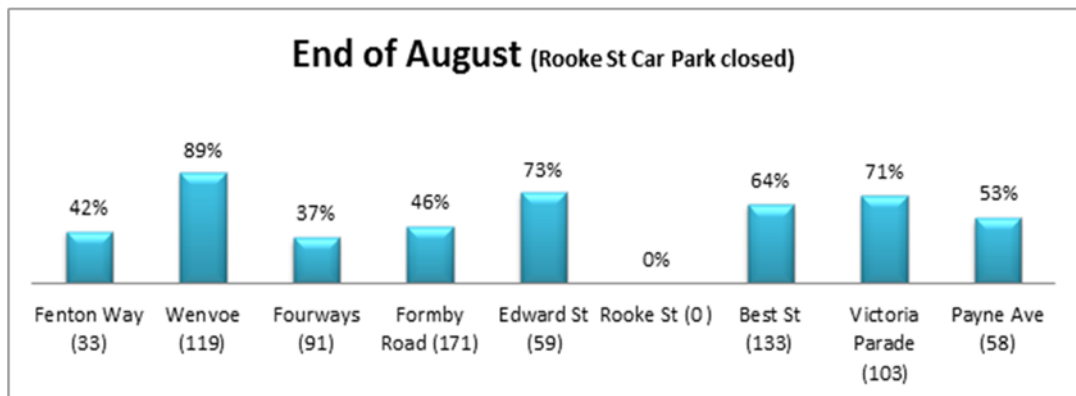
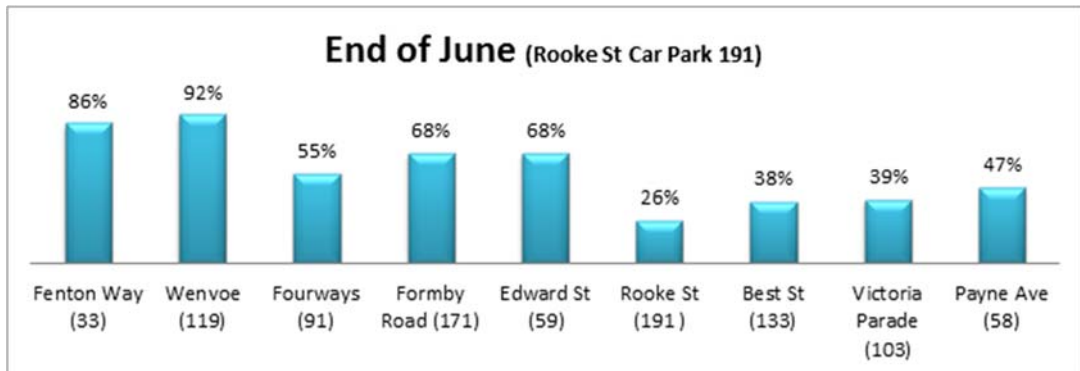
**3.5.3. Pay by Phone**

<b>Easy Park -</b>	<b>July</b>	<b>August</b>
<b>Users</b>	1,176	1,353
<b>Paid</b>	\$3,568.17	\$4,189.60

Parking Area	July	August
Fenton Way Car Park – All Day	36	41
Formby Road Car Park – 3 Hours	257	300
Fourways Car Park – All Day	185	227
Payne Avenue Car Park – All Day	104	106
Rooke Street Car Park – All Day	108	80
Victoria Parade Car Park – All Day	44	64
Wenvoe Street Car Park – All Day	221	270
Edward Street Car Park – 3 Hours	221	265
<b>Total</b>	<b>1176</b>	<b>1353</b>

**3.5.4. Parking Utilisation**

Average utilisation in Council car parks prior to the commencement of LIVING CITY construction and at the end of August is displayed below.



**3.6. Devonport Entertainment and Convention Centre (DECC)****3.6.1. Theatre Performances & Events**

Productions staged at the DECC were as follows:

**Commercial Hire**

- Devonport Jazz
  - Emma Pask
  - BopStretch (2 performances)
  - Sedergreen & Allen
  - Peter Locke Trio
  - Frances Madden
- *The Best of the Eagles*– The Harbour Agency

**DECC Entrepreneurial Program**

- EGG – Terrapin Puppet Theatre & Melbourne Theatre Company (Family Performance)
- Country Gold – Promac Productions (Seniors Matinee Performance)

<b>Performance</b>	<b>Number of Days Hired</b>	<b>Number of Performances</b>	<b>Audience Attendances</b>
Commercial Hire	4	7	873
Community Hire	0	0	0
DECC Entrepreneurial Program	2	2	208
<b>Totals</b>	<b>6</b>	<b>9</b>	<b>1081</b>

**3.6.2. Meetings & Functions**

A total of 26 non-performance events including meetings and professional development sessions were held at the DECC during this period.

<b>Meetings &amp; Functions</b>	<b>Number of Days Hired</b>	<b>Number of Attendees</b>	<b>Total Income</b>
Meetings & Training	26	642	\$9,575.83
Functions	0	0	\$0
<b>Totals</b>	<b>26</b>	<b>624</b>	<b>\$9,575.83</b>

**3.6.3. DECC Box Office Ticketing Sales**

A summary is provided for all performances and events sold through the DECC Box Office July/August 2016.

<b>Events</b>	<b>Number of Tickets Sold</b>	<b>Gross Ticket Sales</b>
DECC Performances & Events	1,018	\$38,093.20
Local Events	251	\$ 2,164.00
Ticketmaster	297	\$12,793.92
Ticketek	145	\$ 7,869.03
<b>Totals</b>	<b>1,711</b>	<b>\$60,920.15</b>

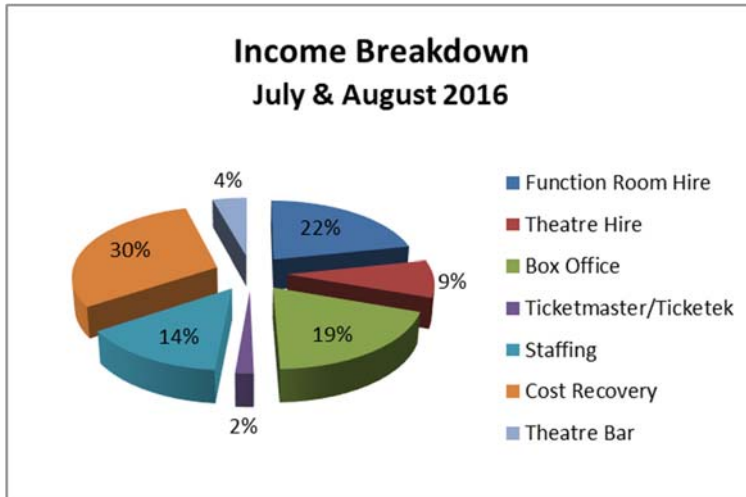
**3.6.4. Ticketmaster/Ticketek income**

Ticketmaster/Ticketek income for July/August.

Ticketing Supplier	Total Income
Ticketmaster	\$327.18
Ticketek	\$159.43

The Income generated for July/August 2016 totalled \$26,219.52.

This was dispersed as follows:



**3.6.5. DECC Technical Update**

July and August proved to be busy for the DECC technicians providing assistance with both internal and external events.

Technical support was provided to both FFA Cup Matches at Valley Road during August, which included setting up and operating live audio on the night.

Technical support was also supplied at the Vietnam Veterans service, with organisers saying *"The PA system was very good and we very much appreciated the theatre technician's professionalism in setting it all up & staying through the Service to ensure all went well."*

The Great 1000 Book Challenge day was held in the mall, with DECC Technicians supplying audio and a lectern for the event.

The Council Chamber's PA was updated, with the mixing desk diagnosed with a fault and replaced.

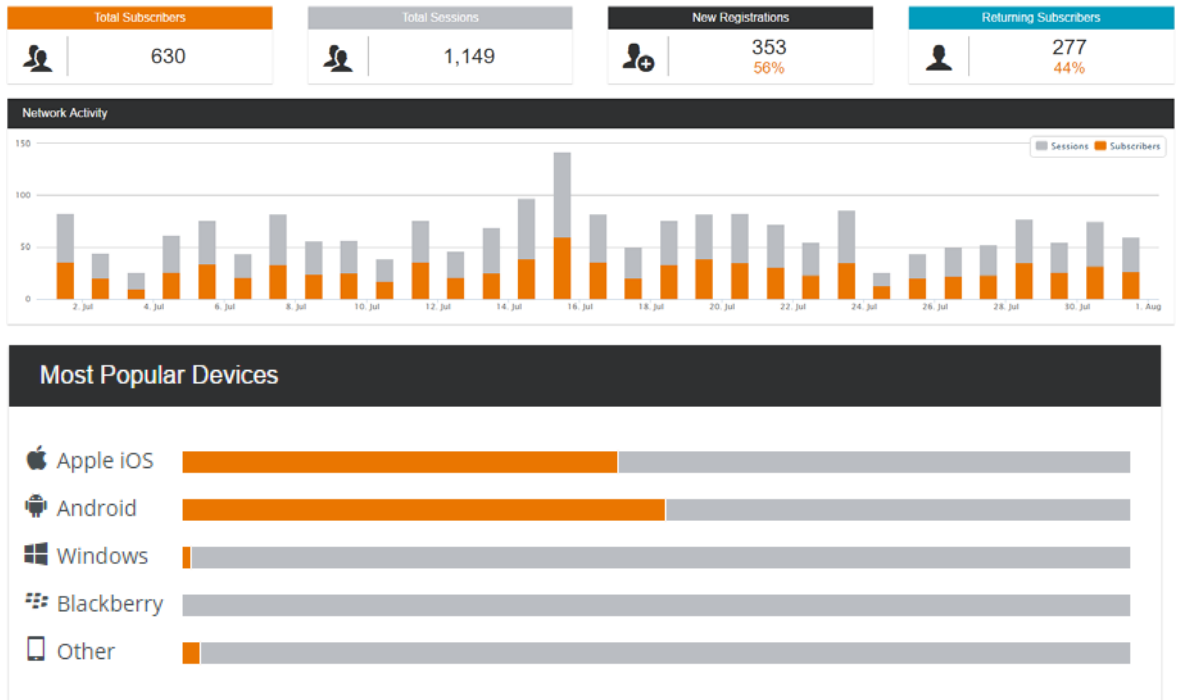
For the fifth year in a row, the DECC Technicians managed the production for the Devonport Jazz Festival. The ethos of this event is to supply all required production at a high quality and at the lowest cost to Council. Each year there has been a reduction in the cost of production for this event.

The DECC Technicians continue to provide advice to local stakeholders in a non-financial manner. Local schools, community organisations and other Council departments regularly ask for advice which is provided free of charge. The venue also promotes educative tours of the premises and equipment to local schools to provide information about career opportunities within our sector.

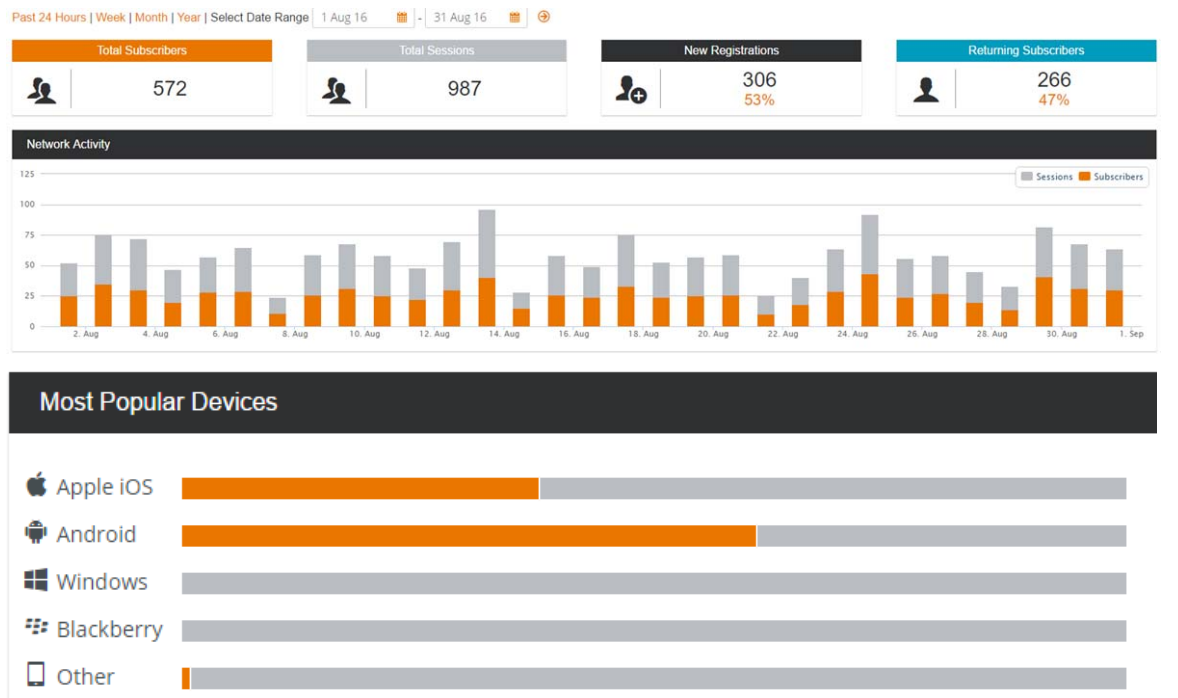
### 3.7. Information Technology

#### 3.7.1. Public Wi-Fi Statistics

##### July



##### August



##### Visitor vs Local stats up to 6 September

Local: 5,763  
 Visitor: 7,047  
 Total: 12,810

Please Note: the question can't be set to mandatory at this stage, users can just bypass it by not answering; answers can't be tracked by month so this a total since the service was installed.

**4 CORPORATE COMMUNICATION - JULY/AUGUST 2016**

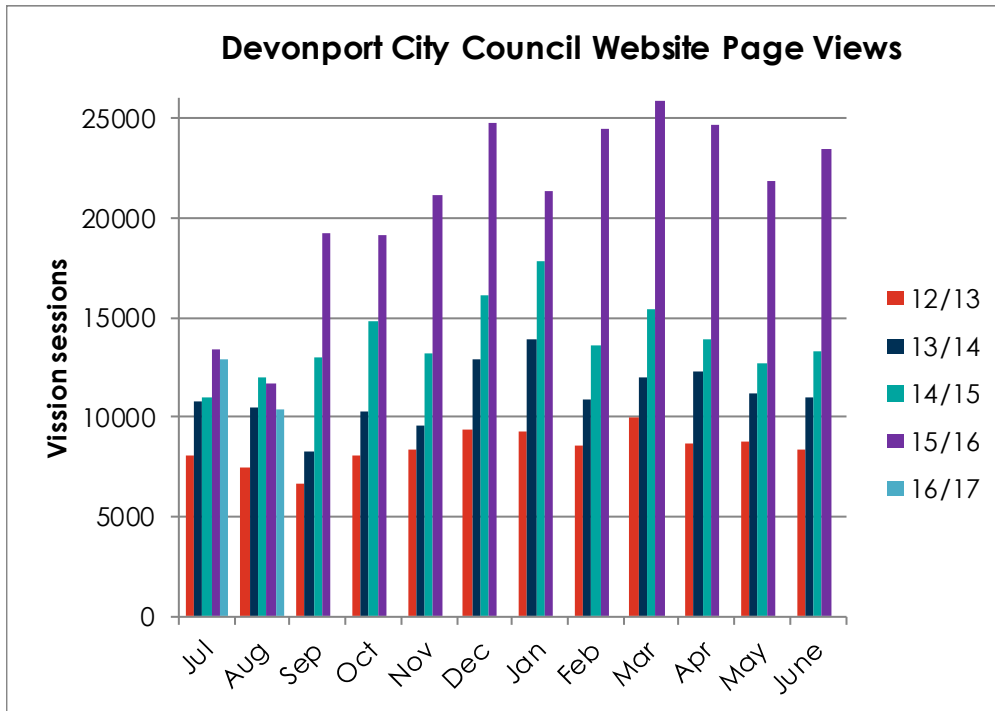
**4.1 Websites**

**4.1.1 Devonport City Council Website**

Council's new website was launched in August 2015, with community and ratepayer feedback positive about the improved layout, functionality and content.

In recent months we have added in a new 'Public Notices' module on the Home Page and a 'Page Feedback Form' on the bottom of most site pages, which has proved popular.

Both positive and constructive feedback has been received about the site content, allowing us to tailor and fine-tune the site in a very responsive manner.



Content relating to how to contact Council, employment opportunities, the Distinctly Devonport photo competition, Waste Transfer Station and Mersey Vale Cemetery rank highly in terms of pages visited during the reporting period.

Devonport City Council website Statistics	July 2016	August 2016
Total Visitor sessions	12,855	10,400
Total page views	34,985	26,936
Average daily sessions	415	335
Average session duration (minutes)	1:59	1:49
Average page views per visit	2.72	2.59

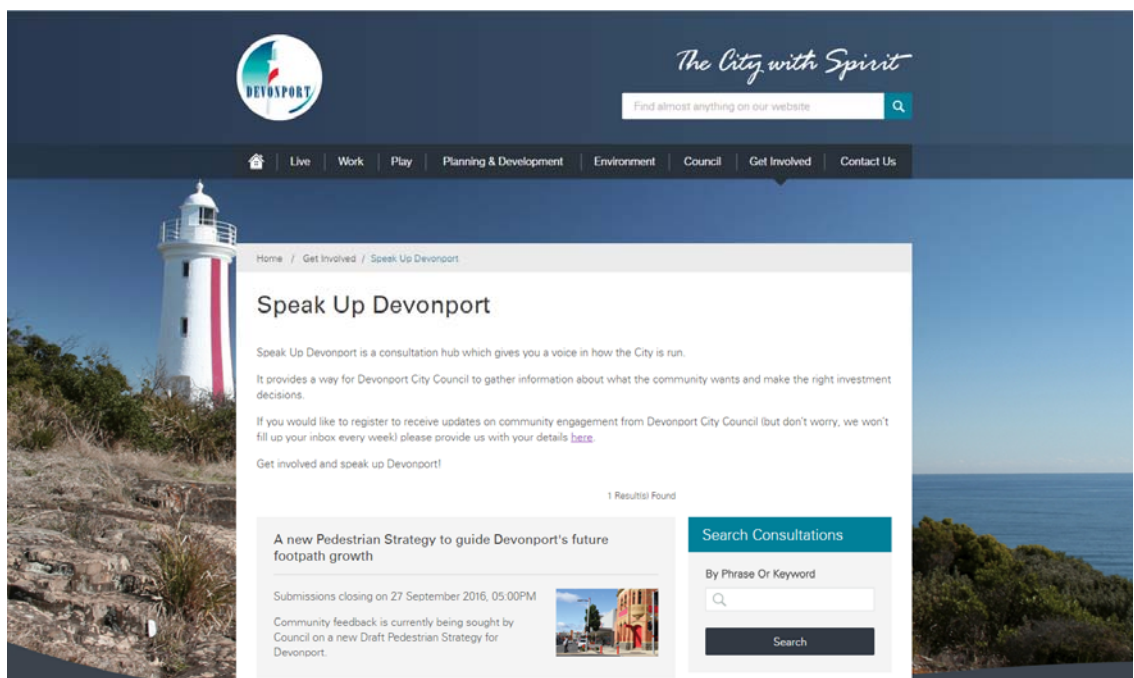


<b>Device Category</b> <ul style="list-style-type: none"> <li>• Desktop</li> <li>• Mobile Phone</li> <li>• Tablet</li> </ul>	<p>47%</p> <p>42%</p> <p>11%</p>	<p>62%</p> <p>29%</p> <p>9%</p>
<b>Top 10 Pages</b>	<ol style="list-style-type: none"> <li>1. Home Page</li> <li>2. Employment Opportunities</li> <li>3. How to Contact Us</li> <li>4. Distinctly Devonport Voting is Now Open – News Story</li> <li>5. Contact Us</li> <li>6. Distinctly Devonport Photo Competition – News Story</li> <li>7. Careers</li> <li>8. Distinctly Devonport – Nightscapes</li> <li>9. Distinctly Devonport – Faces of Devonport</li> <li>10. Mersey Vale Cemetery Search</li> </ol>	<ol style="list-style-type: none"> <li>1. Home Page</li> <li>2. How to Contact Us</li> <li>3. Distinctly Devonport Voting is Now Open</li> <li>4. Employment Opportunities</li> <li>5. Contact Us</li> <li>6. Mersey Vale Cemetery Search</li> <li>7. Careers</li> <li>8. Waste Transfer Station</li> <li>9. Distinctly Devonport – City Life</li> <li>10. Distinctly Devonport - Nightscapes</li> </ol>

**4.1.2 Speak Up Devonport Website**

In late July Council's online engagement platform was integrated with our main website platform, which uses the Seamless OpenCities content management system. Seamless released a new community engagement product module enabling Council to roll-over its online engagement to the same platform and resulting in a saving in Council's IT licence fees. The same range of engagement functionality is available on the new platform, providing flexibility to tailor engagements according to the topic/issue.

The [www.speakupdevonport.com.au](http://www.speakupdevonport.com.au) URL will continue to be promoted as part of all community consultations.



Speak Up Devonport Website Statistics	July 2016	August 2016
Active Consultations	<ul style="list-style-type: none"> <li>Establishing a Road Safety Park in Pioneer Park</li> <li>A Digital Conversation for Devonport's Future</li> </ul>	<ul style="list-style-type: none"> <li>Establishing a Road Safety Park in Pioneer Park</li> <li>A Digital Conversation for Devonport's Future</li> <li>A new Pedestrian Strategy to guide Devonport's future footpath growth.</li> </ul>

#### 4.2 Social Media

Council currently utilises both Twitter and Facebook as social media tools to engage with the community and local media.

Council's corporate Twitter account (@devonportcity) was launched in December 2014 and had 409 followers as at 31 August 2016. It is actively used to 'break' news to the media. Council also actively participated in the National Local Government Twitter Day #YourRatesAtWork on Tuesday, 2 August, tweeting about the wide variety of services provided by DCC.

Council currently operates eight Facebook pages (Devonport City Council, Devonport Food & Wine Festival, Devonport Food Connection, Devonport Jazz, Devonport Events, Bass Strait Maritime Centre, Devonport Entertainment & Convention Centre, Devonport Regional Gallery). Each represent a targeted marketing opportunity, with content planned specific to each page's audience.

The Devonport City Council Corporate Facebook page is well utilised by the community, with high engagement regarding events, weather events, Council decisions, community initiatives and road works. The community can use the page to ask questions of Council and find out what is happening in Devonport. Key questions or matters raised by the public are generally around Council's services, opening times and reports of community infrastructure needing repairs.

The discovery of a sleeping Australian Fur Seal 'Sammy' in the Mersey Vale Cemetery toilets on 26 July quickly became Council's highest-ever social media story and subsequently being picked up by both national and international media. Interviews, video footage and images were provided to over 30 media outlets including BBC Worldwide News, Norwegian TV, a Japanese TV station, ABC Darwin Radio, Sunrise Breakfast Program and Southern Cross News Tasmania.

DCC Facebook Page Statistics	July 2016	August 2016
<b>Facebook Followers:</b> Number of Facebook users who 'like' the DCC Facebook page at the end of each period.	4,780 TY (3,389 LY) +41.0%	4,858 TY (3,440 LY) +41.2%
<b>Facebook Reach:</b> Number of Facebook users who have seen content associated with the page during the period (individual users can be 'reached' numerous times per month).	224,643 TY (109,764 LY) +104.7%	86,605 TY (87,062 LY) -0.5%
<b>Facebook Engaged Users:</b> Unique number of people who actively engaged with the page by liking, commenting, sharing or clicking on posts on the page during the period.	21,899 TY (11,783 LY) +85.9 %	7,550 TY (10,866 LY) -30.5%

**Report to Governance and Finance Committee meeting on 19 September 2016**

DCC Facebook page reach and engagement was up +104.7% and +85.9% respectively between July 2015 and July 2016, primarily due to the 'Sammy the Seal' story.

During July and August 2016 the top 12 page posts each month in terms of audience reach were:

July 2016	August 2016
1. Sammy the Seal found in Cemetery toilets 26/7 – 41.3K	1. Story of Devonport book update EOI 18/8 – 9.1K
2. Distinctly Devonport Photo Competition Entries now open 7/7 – 15.7K	2. Distinctly Devonport Photo Competition winner's announcement 4/8 – 8.3K
3. Sammy the Seal's release 26/7 – 14.3K	3. LIVING CITY Project Update 31/8 – 6.6K
4. Sammy the Seal behind bars 26/7 – 14.1K	4. Durkins Road Temporary Road Closure 24/8 – 5.2K
5. Bureau of Meteorology Initial Flood Warning for Mersey River 10/7 – 11.2K	5. Rooke Street car park to close next week 16/8 – 5.2K
6. Job Opportunity: Parks/Gardens Traineeship 18/7 – 10.3K	6. Road Resealing Works 15/8 – 4.8K
7. Lawrence Drive Temporary Road Closure 12/7 – 7.5K	7. Festival of Learning program 19/8 – 3.9K
8. Distinctly Devonport Voting is now open 20/7 – 7.2K	8. Spring Guide 'Out Now' 31/8 – 3.2K
9. Clayton Drive Temporary Road Closure 12/7 – 6.8K	9. School Holiday program volunteers sought 22/8 – 3.1K
10. Sammy the Seal for Devonport Jazz 27/7 – 4.6K	10. Weed Spraying – No Spray Register 11/8 – 2.8K
11. Sammy the Seal preparing for release – DPIPWE Recovery team 26/7 – 4K	11. Ferry Pontoon Repair Works Update 8/8 – 2.8K
12. LIVING CITY salvage story for Devonport Surf Life Saving Club 20/7 – 3.9K	12. The Great 1000 Book Challenge Launch photos 24/8 – 2.5K

**4.3 Publications & Media**

During the month of July 2016, Council published:

- Twelve (12) media releases & alerts:
  - Devonport City Council's 2016/17 Community Financial Assistance Scheme now open
  - Be-bop with BopStretch at the 2016 Devonport Jazz Festival
  - Lawrence Drive Temporary Road Closure
  - Devonport Jazz 'Pop Up' performances across the Coast
  - LIVING CITY creates construction training and jobs for local youth
  - The 'ladies' of Devonport Jazz 2016
  - Devonport Jazz showcases local Tasmanian jazz talent
  - Pay your rates securely online with Mypost Digital Mailbox
  - Devonport Surf Life Saving Club benefits from former Council offices
  - LIVING CITY project savings as designs are fine-tuned
  - Community input sought on proposed East Devonport Road Safety Bike Park location
  - A digital conversation about Devonport's future

During the month of August 2016, Council published:

- Eight (8) Media Releases & Alerts:
  - Devonport CBD Parking Changes
  - Media Invitation to the Devonport 'Festival of Learning' Launch
  - Month-long 'Festival of Learning' in Devonport
  - Developments planned for LIVING CITY's Southern Business Precinct
  - The Great 1000 Book Challenge to be launched
  - Community feedback welcomed on Devonport's new Draft Pedestrian Strategy
  - Durkins Road Temporary Road Closures
  - Webcams stream live LIVING CITY progress

#### 4.4 E-Newsletters

E-newsletters are a cost effective, targeted and measurable means of communicating with residents and target audiences.

The LIVING CITY eNews was launched in June 2014 and is used to release tailored LIVING CITY news to subscribers on a regular basis.

E-Newsletters are also sent to registered Speak Up Devonport participants regarding the launch of community consultations during the period.

	<b>LIVING CITY eNews</b>
Subscribers as at 31/8/16	475
eNews Name	Council approves updated Stage 1 building designs
Campaign Date	26/7/16
Open Rate	46.2%
Click Rate	7.8%
eNews Name	What's happening on the LIVING CITY construction site?
Campaign Date	11/8/16
Open Rate	42.0%
Click Rate	14.6%

#### COMMUNITY ENGAGEMENT

The information provided above details any issues relating to community engagement.

#### FINANCIAL IMPLICATIONS

Any financial or budgetary implications related to matters discussed in this report will be separately reported to Council.

There is not expected to be any impact on the Council's operating budget as a result of this recommendation.

#### RISK IMPLICATIONS

Any specific risk implications will be outlined in the commentary above. Any specific issue that may result in any form of risk to Council is likely to be subject of a separate report to Council.

#### CONCLUSION

This report is provided for information purposes only and to allow Council to be updated on matters of interest.

#### ATTACHMENTS

Nil

**RECOMMENDATION**

That it be recommended to Council that the Governance and Finance report be received and noted.

Author: Position:	Shane Crawford Executive Manager Corporate & Business Services	Endorsed By: Position:	Paul West General Manager
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## **5.0 CLOSURE**

There being no further business the Chairman declared the meeting closed at <insert time> pm.