

**MINUTES OF DEVONPORT CITY COUNCIL'S ANNUAL GENERAL MEETING
HELD IN THE COUNCIL CHAMBERS
ON MONDAY, 30 OCTOBER 2017 COMMENCING AT 5:30PM**

PRESENT: Ald S L Martin (Mayor)
Ald A L Rockliff (Deputy Mayor)
Ald C D Emmerton
Ald A J Jarman
Ald L M Laycock
Ald J F Matthews
Ald T M Milne
Ald L M Perry

Council Officers:

General Manager, P West
Deputy General Manager, M Atkins
Executive Manager Corporate, Community and Business, S Crawford
Executive Manager Organisational Development, K Peebles
Governance Coordinator, K Hampton

Electors:

Steve Puccetti	Doug Janney	Graham Jones
Jan Willing	Leon Pendrey	Alan Halliwell
Ray Chaplin	Don Willing	John G Bonney
Brian Chandler	Peter Stegmann	Kerry Wescombe
Phillip Milne	John Alexiou	Stacey Sheehan
Kylie Lunson	Maree Brady	Leigh Murphy
Karen Stone	Patrick Johnson	John Stuart
Malcolm Gardam	Bob Vellacott	Luke Riley
Ken Overton	Dane Layton	Kees Kuys
Felicity Sly	Matt Smith	Tim McGee
Brian Imlach	Janine Phillips	Jacci McDougall
Mike Nesham	Claire Jordan	

Other:

Brian May	Karen May	Brooke de Jong
Sally O'Wheel		

Audio Recording:

All persons in attendance were 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.

1.0 APOLOGIES

The following apology was received for the meeting.

Ald G F Goodwin	Leave of Absence
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2.0 CONFIRMATION OF MINUTES

2.1 ANNUAL GENERAL MEETING - 24 OCTOBER 2016

RESOLUTION

MOVED: Ald Laycock

SECONDED: Ald Perry

That the minutes of the annual general meeting held on 24 October 2016 as circulated be confirmed.

	For	Against		For	Against
Ald Martin	✓		Ald Matthews	✓	
Ald Emmerton	✓		Ald Milne	✓	
Ald Jarman	✓		Ald Perry	✓	
Ald Laycock	✓		Ald Rockliff	✓	

CARRIED UNANIMOUSLY

3.0 RECEIPT OF ANNUAL REPORT

3.1 ANNUAL REPORT 2017 (D495521)

RESOLUTION

MOVED: Ald Jarman

SECONDED: Ald Milne

That the 2017 Devonport City Council Annual Report be received and adopted.

	For	Against		For	Against
Ald Martin	✓		Ald Matthews	✓	
Ald Emmerton	✓		Ald Milne	✓	
Ald Jarman	✓		Ald Perry	✓	
Ald Laycock	✓		Ald Rockliff	✓	

CARRIED UNANIMOUSLY

4.0 NOTICES OF MOTION

Nil

5.0 PUBLIC QUESTIONS/COMMENTS

DOUGLAS JANNEY – 23 WATKINSON STREET, DEVONPORT

Operating Expenses

On page 19 of the Annual Report there is a table Operating Expenses, the last item Internal charges and recoveries. The comment at the bottom of the page says the actual time spent on capital projects by Council staff was 21.62% lower than anticipated. This is allocating staff time to capital works.

Page 21 in the middle of the page under Liquidity position, while cash balances decreased by \$850,000 during the year due to increased capital expenditure the balance remains well in excess of the minimum requirement.

These two comments seem to be at loggerheads. Less people, spending more money.

Q Please explain.

Response

The General Manager advised that in relation to the internal charges, the reduction is in relation to the work undertaken on capital projects. At the beginning of the year Council try to ascertain how much of the capital works will be done internally, with the internal workforce and how much will go out to contract. What is meant by the particular comment in the Annual Report is there is a larger amount of the capital program that went out to contract, but also there was a number of projects which were carried forward and some of those would have impacted on the percentage that has been identified as being lower than what was originally anticipated.

The liquidity position on the other page is directly taking us back to the financial management strategy, talking about the minimum cash that Council has decided that it wishes to maintain and basically although the cash balance has decreased by \$850,000 the total cash at the end of the year was \$16.1M. Therefore we are certainly well within the minimum threshold that Council has set itself.

DON WILLING – 171 WINSPEARS ROAD, EAST DEVONPORT

My question is to the Mayor. We now know that ratepayers paid the company managing the LIVING CITY project \$3.3M to the end of 2016/17 financial year with more to come. In the 2016/17 financial year the payment was almost \$2M alone. When asked if the spike in payments to P+i was paid because it paid contractors, you said "no". The engagement with P+i has required that they carried the payment of some costs not due until project commencement.

Q Would you please explain to the ratepayers the nature of the major parts of these carried forward costs?

Response

The Mayor advised that as part of Council's contract with P+i some of the Stage 1 development fees were not payable until the commencement of Stage 1 works.

PETER STEGMANN – 118 RIVER ROAD, EAST DEVONPORT

I notice that Ald Emmerton mentioned about Council being open and transparent in his speech a moment ago. I hope you can answer this question.

On November 8th 2015 the lead consultant of P+i, Council's non-tendered appointed LIVING CITY Development Manager stated in the Advocate that six hotel groups had already approached him to build on the Harris Scarfe site.

Then on October 17th 2017 almost two years later the Mayor announced that Council had received submissions from both developers and operators as part of the EOI process for the hotel.

Will the Mayor please tell rate payers precisely how many expressions of interest were received from hotel developers and if Council can provide any guarantee that the selected developer will actually build the hotel?

Response

The Mayor advised that there were six expressions of interest received by Council. Council has appointed Fairbrother with exclusive right to develop a team for that development to be built for a two year period.

MALCOLM GARDAM – 4 BEAUMONT DRIVE, MIANDETTA

Q1 On July 16th 2016 Mr Atkins the Council's Deputy General Manager being responsible for the LIVING CITY project was quoted in *The Advocate* as stating

"An announcement was likely in two months about restaurant operators at the four food pavilion sites".

Over a year later, and despite Council having repeatedly named Southern Wild Distillery, Ben Milbourne (restaurant, cooking school and film studio) and 41 Degrees South (since confirmed in *The Advocate* as withdrawn) as the first tenants for the Food Pavilion, Council is still refusing to confirm that any of the above mentioned entities are secured tenants under lease agreements?

Accordingly, would Mr Atkins explain why some 15 months after his statement he is unable to provide this information to ratepayers?

Response

The Deputy General Manager advised that certainly back in July 2016 that was the direction Council was heading, but as you are aware, since that time Council entered into a head-lease for the operation of the Food Pavilion. Council has been very open in the fact that we have an agreement with a company to manage that facility. That's based on minimising Council's exposure and risk and we have a contract with them which allows subletting of tenancies which is their business as we have previously advised.

- Q2** Council has repeatedly told ratepayers that the Food Pavilion and the 800 delegate Conference facility are the two catalysts fundamental to the success of the entire LIVING CITY project.

This being the case will the Deputy General Manager please provide ratepayers with answers to the following:

- a) Why did Council not commission any independent quantitative demand studies for either of these catalysts given they were critical to the success of the LIVING CITY project; and

Response

The Deputy General Manager advised that again the question there has probably taken Council out of context. Stage 1 is being held up as the catalyst for future stages of LIVING CITY not specifically the Conference Centre and the Food Pavilion as you state. That catalyst being that it allows Harris Scarfe, Council and the LINC to move which frees up the land for future development, hence the catalyst aspect. Having said that, yes, Council absolutely believes the Conference Centre, Food Pavilion and the hotel and all those aspects combined are what will deliver the success of LIVING CITY.

- b) What are the Council's forecast numbers of overnight stay delegates who will utilise the conference facility in years 1-3 of operation and where will they stay?

Response

The Deputy General Manager advised that the funding model hasn't changed. Council has been open and transparent with that, its factored in a phased in approach to the Conference Centre from day one. The take up was in the order of 25% of optimum usage in the first year, increasing through to year five. There has been no change in those projections and Council has been quite open with its funding model and transparency with the financing of Stage 1.

In factoring in that there is going to be a slower uptake, that is considering there is only so much accommodation around at the moment. Just like we have seen with the Master's Games we will work with what we have got. In the meantime Council is doing all it can to progress a hotel in Devonport.

GRAHAM JONES – BARCLAY MOTOR INN – 112 NORTH FENTON STREET, DEVONPORT

I would like to move a motion:

MOVED: Graham Jones
SECONDED: Malcolm Gardam

"That Council release the secret, in confidence report used for the financial viability of the new motel".

Mr Jones stated in support of his motion:

I make the motion on the basis that now you have established who is going to operate it, you have all your tenders, I think it is now fair for the existing operators, accommodation owners to have the same information, heads-up and restore it to a level playing field, as in open and transparent.

The motion was debated and put and CARRIED.

FOR: 24
AGAINST: 16

BOB VELLACOTT – 11 COCKER PLACE, DEVONPORT

Mayor, I hereby move:

MOVED: Bob Vellacott
SECONDED: Malcolm Gardam

"That we the electors and ratepayers of Devonport here present at the 2017 Devonport City Council Annual General Meeting move a motion of no confidence in you and the Council with the exception of Alderman Alison Jarman who has been the only Alderman to show any concern."

Mr Vellacott read out the following statement in support of his motion:

This is in relation to the oversight/conduct and administration of the of the LIVING CITY project. The reason for this motion is as follows:

The failure of Council to exercise appropriate levels of duty of care in regards ratepayer consultation, due diligence, risk mitigation and full transparency associated with approving the allocation of \$11 million of ratepayer cash reserves and an additional \$39 million in borrowings for the LIVING CITY project to proceed when none of the private investment Council claimed would be forthcoming materialised and other actions by Council.

Supporting evidence to this assertion is:

1. Council's failure to tender the LIVING CITY project management contract and the appointment of a Company and project director not necessarily the most proven in delivering urban renewal projects of the equivalent size, scale and complexity to that of LIVING CITY.
2. Council's failure to undertake the "comprehensive business case studies" required by consultants Hill PDA to validate their estimates of 830 new CBD on going full-time direct jobs and significantly more indirect jobs and \$112 million of economic output annually despite repeatedly and unambiguously communicating to ratepayers that these outcomes justified the appropriation of approximately \$50 million in ratepayer cash reserves and additional borrowings for Stage 1 of the LIVING CITY project.
3. Council's failure to ensure ratepayer interests were fully protected by entering a non-tendered confidential 10 year, \$4 million food pavilion head lease with

connections of the lead project consultant without Council having any knowledge of the fact that the issued paid up capital of the lessee Company was a minimal \$20,000 (0.5%) of the contract value thereby placing ratepayers at significant risk in the case of default.

4. Council's failure to act in the best interests of ratepayers when presented with a Message to the Aldermen signed by more than 1,500 members of the community expressing concerns at the viability of the LIVING CITY project and the prospect of massively increasing ratepayer indebtedness.

Responses to the actions ratepayers requested of their representatives included:

- Council does not believe that further independent risk management assessment is required.
- Council will not be conducting an elector poll; and
- Council intends to finalise the funding model by borrowing up to an additional \$39 million.

Council then went on to spend, I think it was \$10 million in retaliatory advertising.

Ladies and Gentlemen,

Ratepayers are now fully responsible for the \$39 million loan and are exposed to the real possibility of increased rates and/or reduced services in the future. Instead of being protected they have been let down by Council members who are paid by ratepayers to provide proper and diligent duty of care in their decision making.

Council is on record as stating "The financial risks with LIVING CITY are significant – Council risks enormous reputational damage if the Master Plan is not implemented."

Obviously they the Mayor and Aldermen have no concern for ratepayers just their own reputations and it is for the reasons listed that I have moved this motion of no confidence.

Mayor as this is a motion of no confidence in Council as outlined above it would I suggest be impertinent at this time for you and others who are mentioned in this not to vote on same.

I therefore request the Secretary of the meeting to record same and include all of the above in the minutes of this meeting and the meeting of December 2017.

The motion was debated and put and LOST.

FOR: 16
AGAINST: 24

There being no further business the Mayor declared the meeting closed at 6:37pm.

Confirmed

Chairman