

ANNUAL GENERAL MEETING - 9 NOVEMBER 2020 ATTACHMENTS

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**MINUTES OF DEVONPORT CITY COUNCIL'S ANNUAL GENERAL MEETING
HELD IN ABERDEEN ROOM, LEVEL 2, PARANAPLE CENTRE, 137 ROOKE STREET, DEVONPORT
ON MONDAY, 9 DECEMBER 2019 COMMENCING AT 5:00PM**

PRESENT:**Councillors:**

Cr A Rockliff (Mayor)
Cr A Jarman (Deputy Mayor)
Cr J Alexiou
Cr G Enniss (from 5:17pm)
Cr P Hollister
Cr L Laycock
Cr S Milbourne
Cr L Murphy
Cr L Perry

Council Officers:

Acting General Manager, M Atkins
Executive Manager Corporate Services, J Griffith
Executive Manager Organisational Development, K Peebles
Executive Officer, J Surtees

Electors:	Robyn Woolsey	Phil Parsons	Jennie Claire
	Kylie Lunson	Malcolm Gardam	Kerry Wescombe
	Michael Williams	Chris Mills	David Thorp
	Chris Murfett	Rodney Russell	Kerry Stubbs
	Anne Murfett	Mark Bakowski	Graeme Nevin
	Douglas Janney	Gordon Youett	Lindy Nevin
	Graham Kent	Peter Stegmann	Fay Foster
	Pat Kent	Susan Stegmann	Anne Stegmann
	Rodney Russell	Anna Smith	Matthew Smith
	Kees Kuys	Michelle Hansen	Andrew Stegmann
	Bob Vellacott	Angie Poelman	Susan McEwen
	Ken Clarke	Juanita Cooper	Vanessa Lake
	Greg Marshall	Tim McGee	
 Other:	 Joshua Jackson	 Karen Hampton	
	Dave Race		

Audio Recording:

All persons in attendance were advised that it is Council policy to record Council meetings, in accordance with Council's Digital 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

Nil

2.0 CONFIRMATION OF MINUTES

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2.1 ANNUAL GENERAL MEETING - 10 DECEMBER 2018**RESOLUTION**

MOVED: Cr Jarman
 SECONDED: Cr Alexiou

That the minutes of the Annual General Meeting held on 10 December 2018 as circulated be confirmed.

CARRIED UNANIMOUSLY

3.0 RECEIPT OF ANNUAL REPORT**3.1 ANNUAL REPORT 2019****RESOLUTION**

MOVED: Cr Perry
 SECONDED: Cr Milbourne

That the 2019 Devonport City Council Annual Report be received.

CARRIED UNANIMOUSLY

QUESTIONS ON ANNUAL REPORT**DOUGLAS JANNEY – 23 WATKINSON STREET, DEVONPORT**

Statement - The Annual Report is for the year 2019 ending on the 30th June and that is what is said somewhere in the agenda. Summary: the Capital Report for the Year ended 30 June 2019. The General Manager's report on page 5 column 2 paragraph 1 refers to an event after the 30th June.

4.0 NOTICES OF MOTION**4.1 CONTRACTS AND AGREEMENTS - NOTICE OF MOTION - MR BOB VELLACOTT****RESOLUTION**

MOVED: Bob Vellacott
 SECONDED: Malcolm Gardam

That in accord with Council's policy of openness and transparency council is hereby requested to formulate a policy whereby, except on rare occasions, all contracts and agreements such as like those listed are dealt with in open Council and are available for public perusal that is -

- The Leasing - of properties including head leases;
- Employment of - consultants of various professions, managers, food ambassadors, architects, engineers;
- Purchasing of goods and other services;
- Sale and purchasing of properties;
- Building and construction of infrastructure; and
- including any other contract or supply other than an agreement/contract of a real personal nature or any that could be subject to litigation.

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The motion was debated and put and

FOR: 27

AGAINST: 14

CARRIED

5.0 PUBLIC QUESTIONS/COMMENTS/MOTIONS WITHOUT NOTICE

ANGIE POELMAN – 76 GUNN STREET, DEVONPORT

The question I would like to ask and there has been some discussion about Providore Place here today. Now that the lease issue has been resolved will Council commit to undertaking a comprehensive press/media campaign to restore public confidence in Providore Place as a valued community asset?

Response

The Mayor advised that the question would be taken on notice and a response provided in writing.

MALCOLM GARDAM – 4 BEAMONT DRIVE, MIANDETTA

On recently reviewing a set of Adopted Minutes from the Moree Plains Shire Council (NSW) I might add without having to provide reason to obtain, it was interesting how that Council fully records the process and resolution for **each separate matter to be voted on to go into Closed Session** but what really struck me was that it also recorded in the Adopted Minutes the resolutions as passed in Closed Session. As an example from the Minutes of the 12th November 2015 it disclosed that:

1. "That Council reject the request of Projects and Infrastructure to vary the Development Management Agreement as articulated in their letter dated 9 September 2015.
2. That the General Manager be given delegated authority to resolve this matter in accordance with Council's legal advice."

How different this is to the Devonport Council's approach where the separate matters to be discussed in Closed Session are voted on as one, the separate matters are often described so broadly under the heading "Matter" (eg Providore Place Operations, Providore Place and Food Pavilion Update) rendering it meaningless and then a scant explanation, if any, under the heading "Outcome". There was no meaningful "Outcome" recorded when the Providore Place rent reprieve was secretly approved prior to the October 2018 council elections.

Q1. My question is When is Devonport Council going to take it's mandated obligations to be "transparent and accountable" seriously by amending its processes and attitude relating to Closed Session discussions and provide adequate public disclosures?

Response

The Mayor advised that she would take it as a comment.

Q2. Thanks to the Report of the Auditor-General No. 1 of 2019-20 much has now been exposed, but not all, in relation to what has proven to be a grossly deficient head lease agreement entered into by Council in the full knowledge, among other matters, that the lease was primarily drafted by Projects & Infrastructure whose key operatives were owners and directors of Providore Place Devonport Pty Ltd, the Head Lessee...

Response

The Mayor advised as the item has been discussed at length, she was not prepared to accept the question unless Mr Gardam would like to put it in writing.

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KEES KUY – 20 COOMERA CRESCENT, DEVONPORT

Q1 What is the situation regarding the bus booking office situated in Providore Place, is it a temporary or a permanent arrangement and if it is a permanent arrangement does it comply with the conditions of the Australian Government Grant and the Council's Head Lease Agreement?

Response

The Acting General Manager advised that from Council's point of view, yes, it fits in with our obligations with the Australian Government Grant. As to the details of the arrangement between Redline, State Growth and the operator of Providore Place, Council is not privy to any of those details. I am aware that it is for an eighteen month period, but the bus contract is a State Government one with Redline.

PETER STEGMANN – 118 RIVER ROAD, AMBLESIDE

Q1 Council claimed that the food pavilion at Providore Place was to be a major catalyst for the success of LIVING CITY. Given it does not feature in the 2020 Food Guide, or the Tasmanian Farmers Rural Events Markets calendar, when does Council expect this to materialise?

Response

The Mayor advised that Council has made it quite clear that it understands that it hasn't got to where we expect it to and we will continue to work on it.

Q2 I believe the current Waterfront plan has been poorly marketed to the ratepayers, I don't think they understand exactly what is happening down there. My question is, could Council please explain their reasoning for placing a playground, sandwiched between a river and a railway line, with the primary access across the railway line and a considerable distance from the CBD and the main parking area?

Response

The Mayor stated that Council has discussed this at length, but we will certainly respond in writing to you.

DOUGLAS JANNEY – 23 WATKINSON STREET, DEVONPORT

I have a little bit of confusion that I want cleared up to start with. Section 5 in tonight's agenda Public Question Time talks about questions. It doesn't talk about motions, it doesn't talk about comments. I have half a dozen comments, if they take two minutes each is that acceptable?

Comment

The comment that I have relates to these two screens that the public gallery can see. The print there is not readable, it needs to be larger.

Response

The Mayor advised that the comment has been taken on board.

Comment

I observe that the sliding doors at the front of the paranple centre now have closing direction arrows. This is some 14 months after the Centre opened and 8 months after I raised the matter at the Infrastructure Works and Development Committee on the 8th April 2019. Finally, some sense has prevailed.

Q1 What is the annualised cost of the multi-story car park lighting?

Response

The Mayor advised that the question would be taken on notice and a response provided in writing.

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MOTION

MOVER: Douglas Janney

SECONDER: Peter Stegmann

The Council make every effort to have the ensuing AGM's within four weeks of the Auditor General's report date but no later than the end of October.

The motion was debated and put and

FOR: 24

AGAINST: 3

CARRIED

JENNIE CLAIRE – 57 GUNN STREET, DEVONPORT**MOTION**

MOVER: Jennie Claire

SECONDER: Vanessa Lake

The motion I wish to put forward tonight is that the Devonport City Council move the toilet block, BBQ and playground in the Waterfront Park to a location on the western side of the railway line.

Cr Murphy declared a conflict of interest and left the meeting at 5:51pm.

The motion was debated and put and

FOR: 15

AGAINST: 14

CARRIED

Cr Murphy returned to the meeting at 6:09pm.

BOB VELLACOTT – 11 COCKER PLACE, DEVONPORT

As of this date has Providore Place Devonport Pty Ltd complied with all their obligations as per the new Head Lease Agreement?

Response

The Mayor advised that is a commercial in confidence matter and you knew the answer to that question, before you asked it.

MALCOM GARDAM – 4 BEAUMONT DRIVE, MIANDETTA

Q3. It is rumoured that an "uplift provision" was supposedly included in a Development Management Agreement between a mainland Council and its Development Manager for a development project. The provision supposedly provided for a 30% portion of any "uplift" value in the properties sold, being 30% of the difference between the sale proceeds and the raw value of land (excluding subdivision construction cost), was to be paid to the Development Manager. Regardless of the actual existence of that arrangement or not and with the initial Providore Place head lease agreement now surrendered and defunct, my question is "did Devonport City Council agree to an "uplift provision" or similar arrangement within the initial and supposedly a 10 year Term food pavilion head lease agreement that provided a potential "uplifted valued" return, in kind or similar, to Providore Place Devonport Pty Ltd on the sale of the food pavilion and if so what was the percentage agreed to?"

Response

The Mayor advised that it was a question that had been asked and answered, but that it would taken on notice and a response provided in writing.

MR GRAEME NEVIN, 145 PERCY STREET, DEVONPORT

MOTION

MOVER: Graeme Nevin

SECONDER: Malcolm Gardam

that Council adopt as policy a commitment to the following key principles:

Firstly, a commitment to good governance and in particular the eight major characteristics of good governance, namely good governance is:

1. Accountable
2. Transparent
3. Law abiding
4. Responsive
5. Equitable
6. Participatory and inclusive
7. Effective and efficient
8. Consensus orientated

and

Secondly, a commitment that closed meetings of Council should be avoided whenever possible to preserve transparency and accountability.

The motion was debated and put and

FOR: 37

AGAINST: 0

CARRIED UNANIMOUSLY

The Mayor closed the meeting at 6:24pm.

Confirmed

Chairperson

3rd November 2020

Devonport City Council
137 Rooke Street
DEVONPORT TAS 7310

Malcolm Gardam
4 Beaumont Drive
MIANDETTA TAS 7310
(Mobile No: 0417 355 813)

ATTENTION: MR. MATTHEW ATKINS – GENERAL MANAGER (MAYOR & COUNCILLORS)

RE: Questions on Notice to 2020 AGM and Submission to Annual Report

Dear Sir,

With reference to the Agenda and Minutes of the 26 October 2020 Ordinary Meeting and Notice of Annual General Meeting dated 24th October 2020, the following is submitted for inclusion in the Agenda for the Annual General Meeting of Council scheduled for Monday 9th November 2020.

Questions on Notice from Item 6.6 on Page 64 of the October Ordinary Meeting Agenda – “Annual Financial Report – 30 June 2020”

- Q1.** The second dot point on Page 67 states in *“Depreciation expense was 8.96% higher than budget largely due to the recognition of depreciation on buildings recently constructed and capitalised. Prior to this, the depreciation expenses had been based on estimated useful lives. The additional depreciation relates to the date of completion in September 2018, however the charge has been expensed in the current financial year.”*; accordingly, why was this charge or part thereof not accounted for in the 2018-19 Financial Year?
- Q2.** The fourth dot point on Page 67 states *“Other expenses include the Mayor and Councillors expenses, **leasehold incentives, rates remissions granted, community grants and donations provided throughout the year and cost of debt referred to collection agencies.** The additional **\$.34M expenditure** compared to budget **relates to a lease incentive for 17 Fenton Way** (assume for benefit of Harris Scarfe) *written off during the year.”*; accordingly, will Council please advise as to **the following as separate questions requiring separate answers:***
- a) Provide a cost breakdown of the separate elements of the “Other Expenses” listed on Page 66 as being \$1.339M?
 - b) Provide breakdown as to just what constituted the “lease incentive” for 17 Fenton Way? (assuming for benefit of Harris Scarfe)
 - c) If the “lease incentive” was associated with the cost of vacating the former Harris Scarfe site in Rooke Street then why was the cost not capitalised?
 - d) If the “lease incentive” was associated with the cost of establishing Harris Scarfe at 17 Fenton Way then why was the cost not capitalised?

Q3. In response to a ratepayer question in the Minutes of the Ordinary Meeting dated 26th October 2020, regarding Council's advice in the Notice of Annual General Meeting dated 24 October 2020, the General Manager advised ".....we made the decision that motions, not questions, but motions, need to be provided in writing so they can be added to the agenda, so that the community are aware of what is being discussed. **It is certainly a practice that some other councils follow and it's a practice that the Director of Local Government is comfortable with.** In regard to procedural motions, **the guidelines which will be coming out as part of the AGM agenda**, will clarify that procedural motions and the like will still be allowed."; accordingly, will Council please advise as to **the following as separate questions requiring separate answers:**

- a) Will Council provide a list of "other councils" that enforce the practice of not allowing motions from the floor at AGM's?
- b) Will Council provide evidence that the Director of Local Government, at the time, the decision was made was comfortable with the practice?
- c) Consistent with Council's claims of openness and transparency when did Council undertake community consultation and communication as to these significant changes to past practice by not taking motions without notice from the floor at this AGM?
- d) On what date and at which meeting of Council were the "AGM guidelines" approved?
- e) Why, almost 12 months since the last AGM, has Council not been open and transparent by only disclosing said "guidelines" at the last minute as part of the Agenda for the current 2020 AGM? (even then it was in relation to a ratepayer question and not of Council's own volition with content still unknown at the time of submitting these questions)

Submission and questions on notice to the Annual Report 2019-20

Q4. With reference to Page 6 "Council remains steady despite COVID-19 impact hitting hard" the **following are submitted as separate questions requiring separate answers:**

- a) It states on Pg. 6 that "A *Financial Hardship Assistance Policy* was introduced to enable Council to provide assistance to community members and **commercial ratepayers** who were suffering financial hardship, by providing an appropriate level of relief from rates."; accordingly, will Council please advise as to the total cost of rate relief offered to "commercial ratepayers"?
- b) It states on Pg. 7 "Lost rent from **commercial** and community **tenants** as a result of legislation requiring landlords to provide financial assistance."; accordingly, will Council advise as to the average percentage of rent reduction afforded commercial tenants in Providore Place? (Council has previously refused to give a precise answer to a similar question regarding percentage or dollar value)

- c) Council states on Pg. 7 “...as a result of legislation requiring landlords to provide financial relief.”; accordingly, will Council provide evidence of where it categorically requires Council to reduce or waive rent in full? (I am not criticising the COVID assistance as such just the ongoing secrecy as to all dealings associated with ratepayer subsidised commercial tenants and in particular at Providore Place)
- d) Council states on Pg. 7 “**Commercial and residential rate relief measures such as deferrals and waivers as outlined in the Council’s financial Assistance Hardship Policy**”; accordingly will Council advise as to the total cost of rate relief by way of “waivers” in favour of just commercial enterprises?
- Q5. It states under Values on Page 8 “**Results and accountability – We will be results focused and take pride in our successes and efforts and be accountable for our actions.**”, a statement included in all recent annual reports of Council; however, while Council is quick to trumpet its “successes” when will Council of its own volition and proactively and publicly admit to its mistakes and take accountability?
- Q6. Under Key Financial Indicators on Page 49 it states as “*Net financial liabilities ratio*” a Council target of 0% to (50%) with a 2020 actual of 112.11%; accordingly, does Council agree that this is extremely high, by any measure, and explain why it far exceeds Council’s own benchmark?
- Q7. Under Key Financial Indicators on Page 49 it also states as “*Net interest cost*” a Council target of below 7% with a 2020 actual of 4.50%; however, on Pg. 54 Notes to the Financial Report it provides a Table of various Interest Rates and the Line Fee & Margins that do not equate to the stated 4.50% (in fact it is less); accordingly, will Council please clarify as to the actual percentage cost of servicing loan debt?
- Q8. Council makes much of transparency and accountability with a full section on Good Governance on Page 46; assuming as a result of the Auditor General’s Report that included the statement in relation to Providore Place that “**DCC had not met good governance principles relating to transparency, equity, participation and inclusion and effective and efficient decision making.**” Council has always been long on rhetoric but short on demonstrating transparency and accountability, noting transparency equates to answers and not just responses to questions asked by ratepayers. In fact, it is not necessarily how many decisions are taken in Closed Session but the subject matter of those decisions such as matters pertaining to Providore Place, where other than disclosures leaked or resulting from the Auditor General’s Report have remained exclusively kept from ratepayers. My question is when is Council going to convert rhetoric into actual disclosures of matters that ratepayers are entitled to know without it having to be forced upon Council by others?
- Q9. On Page 50 under “Performance measures” it lists at Governance – Council decisions made during closed session of Council meetings with a “Target” of <10% a result of 10%. On Pg. 13 under “Summary of decisions by Council” it lists “% Items dealt with in closed session” as – Council 13% and Governance, Finance and Community Services Committee

8%; accordingly, is the percentage of decisions at council meetings not actually 11.7% of all decisions made and exceeds the Target of <10% and why is it not reported as such? (This is a small point but if not correct then why should other quoted statistics be believed?)

Q10. On Page 58 “Waivers relating to COVID-19” it states under “Commercial properties – Rent relief provided in accordance with COVID-19 Disease Emergency (Commercial Leases) Act 2020 an amount of \$84,605; will Council please advise as to **the following as separate questions requiring separate answers:**

- a) Without disclosing which received rent relief will Council provide a full list of all its commercial tenants?
- b) Without disclosing which received rent relief will Council please confirm the total dollar amount afforded to Providore Place tenants?

Q11. On Page 59 “Summary of grants and benefits” it states under “paranaple centre, convention centre and art centre room **hire subsidies**” an amount of \$41,205; will Council please advise as to **the following as separate questions requiring separate answers:**

- a) How much of this amount was off-sets to grants or donations to the hirers?
- b) What was the total net revenue from the paranaple centre, convention centre and art centre room hire activities during the 2019-20 FY?

Q12. At Note 3 “Significant business activities” on Page 12 of the Annual Financial Report (AFR) it lists paranaple Arts Centre and Convention Centre as Significant Business activities; however, why is Providore Place not included having always been promoted as a purely commercial activity? (in fact Providore Place is not listed in the 2018-19 Annual Report)

Q13. Further to Q12 will Council provide separate details (similar to that shown for the paranaple Arts Centre and Convention Centre as listed at Note 3) and demonstrating why Providore Place is not listed as a “significant business activity”?

Q14. At Note 28 “Interest bearing liabilities” on Page 38 of the AFR it is listed at “The maturity profile for Council’s borrowings is:” that there are no loans “Later than five years” so unless the \$50.017m is going to be paid off inside 5 years then why is this recorded as it is currently?

Q15. At Note 45 “Fair Value Measurement (cont.) on Page 66 of the AFR under “Buildings” it states in paragraph 2 “*Council completed construction of the paranaple centre, Providore Place and market square and the CBD carpark in 2019. Given the recent construction, fair value for these assets has been determined to be indexed construction cost.*” (actual completion dates were carpark 8 December 2017; Providore Place – PC November 2017 with markets commencing 17 December 2017 with first tenants operating October 2018 and paranaple centre opened 3 September 2018); accordingly, will Council please advise as to **the following as separate questions requiring separate answers:**

- a)** Why were the fair value adjustments (especially land) not accounted for in the Annual Report 2018-19?
- b)** Will Council please provide the individual “fair value” book entries on the asset register for the following Living City associated premises:
- 6-10 Steele Street (former Webster building)
 - 17 Fenton Way (current Harris Scarfe Site)
 - 21 Oldaker Street (former State LINC/ Library Site)
 - 137 Rooke Street (paranaple centre)
 - 17 Oldaker Street (Providore Place)
 - 40-48 Best Street (multi-level carpark)

Please acknowledge receipt and ensure inclusion in full in the 9th November 2020 Annual General Meeting Agenda.

Yours sincerely,

Malcolm Gardam

CC: Mayor & Councillors


DEVONPORT CITY COUNCIL

ABN: 47 611 446 016

PO Box 604 Devonport TAS 7310 – 137 Rooke Street, Devonport

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4 November 2020

Malcom Gardam
4 Beaumont Drive
DEVONPORT TAS 7310

Dear Mr Gardam

RESPONSE TO QUESTIONS ON NOTICE AND SUBMISSION TO THE 2020 ANNUAL REPORT

I refer to your letter dated 3 November containing questions on notice to the 2020 AGM and submission to the Annual Report, and provide the following responses:

Questions on Notice from Item 6.6 on Page 64 of the October Ordinary Meeting Agenda – “Annual Financial Report – 30 June 2020”

Q1 The second dot point on Page 67 states in “*Depreciation expense was 8.96% higher than budget largely due to the recognition of depreciation on buildings recently constructed and capitalised. Prior to this, the depreciation expenses had been based on estimated useful lives. The additional depreciation relates to the date of completion in September 2018, however the charge has been expensed in the current financial year.*”; accordingly, why was this charge or part thereof not accounted for in the 2018-19 Financial Year?

Response

Following discussion with the Tasmanian Audit Office, it was determined that the full adjustment should be reflected in the 2019/20 financial year in accordance with AASB 108.

Q2 The fourth dot point on Page 67 states “*Other expenses include the Mayor and Councillors expenses, leasehold incentives, rates remissions granted, community grants and donations provided throughout the year and cost of debt referred to collection agencies. The additional \$.34M expenditure compared to budget relates to a lease incentive for 17 Fenton Way (assume for benefit of Harris Scarfe) written off during the year.*”; accordingly, will Council please advise as to **the following as separate questions requiring separate answers:**

- a)** Provide a cost breakdown of the separate elements of the “Other Expenses” listed on Page 66 as being \$1.339M?

Response

A breakdown of ‘Other Expenses’ is provided at Note 15 in the Annual Financial Report.


The City with Spirit

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- b) Provide breakdown as to just what constituted the "lease incentive" for 17 Fenton Way? (assuming for benefit of Harris Scarfe)

Response

As part of establishing a new long term lease with Harris Scarfe and facilitating their relocation from 20-26 Best Street to 17 Fenton Way, Council made a contribution to the costs in the form of a lease incentive. This cost was capitalised across the life of the initial lease term. With the liquidation of Pepkor, the then owners of Harris Scarfe during 2019/20, a new lease was established with the new owners (Spotlight Group) requiring the initial lease incentive to be expensed in full this financial year.

- c) If the "lease incentive" was associated with the cost of vacating the former Harris Scarfe site in Rooke Street then why was the cost not capitalised?

Response

Refer to answer 2b

- d) If the "lease incentive" was associated with the cost of establishing Harris Scarfe at 17 Fenton Way then why was the cost not capitalised?

Response

Refer to answer 2b

Q3 In response to a ratepayer question in the Minutes of the Ordinary Meeting dated 26th October 2020, regarding Council's advice in the Notice of Annual General Meeting dated 24 October 2020, the General Manager advised ".....we made the decision that motions, not questions, but motions, need to be provided in writing so they can be added to the agenda, so that the community are aware of what is being discussed. **It is certainly a practice that some other councils follow and it's a practice that the Director of Local Government is comfortable with.** In regard to procedural motions, **the guidelines which will be coming out as part of the AGM agenda, will clarify that procedural motions and the like will still be allowed.**"; accordingly, will Council please advise as to **the following as separate questions requiring separate answers:**

- a) Will Council provide a list of "other councils" that enforce the practice of not allowing motions from the floor at AGM's?

Response

Council has not done an extensive review of the practices of other Councils, however we are aware of some Council's which follow a similar approach.

- b) Will Council provide evidence that the Director of Local Government, at the time, the decision was made was comfortable with the practice?

Response

As previously stated, the Local Government Division have confirmed that seeking to include motions in the meeting agenda for the purposes of improving openness to the community, is not unreasonable and is consistent with the practices of some other Councils.

- c) Consistent with Council's claims of openness and transparency when did Council undertake community consultation and communication as to

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these significant changes to past practice by not taking motions without notice from the floor at this AGM?

Response

Council publicly advertised the change on two occasions in the Advocate newspaper and posted the information on the Council website.

- d) On what date and at which meeting of Council were the "AGM guidelines" approved?

Response

Compilation of the AGM agenda and documentation of the meeting guidelines was undertaken by the General Manger in consultation with the Mayor, as the meeting Chair.

- e) Why, almost 12 months since the last AGM, has Council not been open and transparent by only disclosing said "guidelines" at the last minute as part of the Agenda for the current 2020 AGM? (even then it was in relation to a ratepayer question and not of Council's own volition with content still unknown at the time of submitting these questions)

Response

The change to include motions in the agenda was advertised publicly on two occasions. The meeting guidelines to which you refer are nothing more than typical meeting procedure and are consistent with normal Council meeting practice.

Submission and questions on notice to the Annual Report 2019-20

Q4 With reference to Page 6 "Council remains steady despite COVID-19 impact hitting hard" the **following are submitted as separate questions requiring separate answers:**

- a) It states on Pg. 6 that "A *Financial Hardship Assistance Policy* was introduced to enable Council to provide assistance to community members and **commercial ratepayers** who were suffering financial hardship, by providing an appropriate level of relief from rates."; accordingly, will Council please advise as to the total cost of rate relief offered to "commercial ratepayers"?

Response

Page 58 of the Annual Report outlines the relief provided by Council in response to COVID-19 up until 30 June 2020. At that point there had been no rate waivers provided to commercial properties. Any relief provided during the 20/21 financial year will be detailed in the 2020/21 Annual Report. Although it cannot be specifically quantified, Council did waive late payment penalties for the final 19/20 rate instalment and as a result the actual penalty income was impacted, being down \$28,219 on budget.

- b) It states on Pg. 7 "*Lost rent from commercial and community tenants as a result of legislation requiring landlords to provide financial assistance.*"; accordingly, will Council advise as to the average percentage of rent reduction afforded commercial tenants in Providore Place? (Council has previously refused to give a precise answer to a similar question regarding percentage or dollar value)

- 4 -

Response

The extent of relief has varied between 0% and 50%.

- c) Council states on Pg. 7 "...as a result of legislation requiring landlords to provide financial relief."; accordingly, will Council provide evidence of where it categorically requires Council to reduce or waive rent in full? (I am not criticising the COVID assistance as such just the ongoing secrecy as to all dealings associated with ratepayer subsidised commercial tenants and in particular at Providore Place)

Response

As noted in our letter to you last month, the relevant legislation is the COVID-19 Disease Emergency (Commercial Leases) Act 2020.

- d) Council states on Pg. 7 "**Commercial and residential rate relief** measures such as deferrals and **waivers** as outlined in the Council's financial Assistance Hardship Policy"; accordingly will Council advise as to the total cost of rate relief by way of "waivers" in favour of just commercial enterprises?

Response

As per answer to Q4 a

- Q5. It states under Values on Page 8 "**Results and accountability** – We will be results focused and take pride in our successes and efforts and be accountable for our actions.", a statement included in all recent annual reports of Council; however, while Council is quick to trumpet its "successes" when will Council of its own volition and proactively and publicly admit to its mistakes and take accountability?

Response

This question is taken as an opinion or statement.

- Q6. Under Key Financial Indicators on Page 49 it states as "*Net financial liabilities ratio*" a Council target of 0% to (50%) with a 2020 actual of 112.11%; accordingly, does Council agree that this is extremely high, by any measure, and explain why it far exceeds Council's own benchmark?

Response

Council acknowledges that it will exceed the benchmark for Financial Liabilities Ratio in the short to medium term. The Financial Management Strategy demonstrates how Council will improve this ratio over the next 10 years.

- Q7. Under Key Financial Indicators on Page 49 it also states as "*Net interest cost*" a Council target of below 7% with a 2020 actual of 4.50%; however, on Pg. 54 Notes to the Financial Report it provides a Table of various Interest Rates and the Line Fee & Margins that do not equate to the stated 4.50% (in fact it is less); accordingly, will Council please clarify as to the actual percentage cost of servicing loan debt?

Response

The total cost of servicing the loan debt (including all fees and charges and movements in swaps) is 4.5%. The cost of servicing the debt as shown in the Notes to the Financial Report only includes interest and fees and charges.

- 5 -

- Q8.** Council makes much of transparency and accountability with a full section on Good Governance on Page 46; assuming as a result of the Auditor General's Report that included the statement in relation to Providore Place that "**DCC had not met good governance principles relating to transparency, equity, participation and inclusion and effective and efficient decision making.**" Council has always been long on rhetoric but short on demonstrating transparency and accountability, noting transparency equates to answers and not just responses to questions asked by ratepayers. In fact, it is not necessarily how many decisions are taken in Closed Session but the subject matter of those decisions such as matters pertaining to Providore Place, where other than disclosures leaked or resulting from the Auditor General's Report have remained exclusively kept from ratepayers. My question is when is Council going to convert rhetoric into actual disclosures of matters that ratepayers are entitled to know without it having to be forced upon Council by others?

Response

This question is taken as an opinion or statement

- Q9.** On Page 50 under "Performance measures" it lists at Governance – Council decisions made during closed session of Council meetings with a "Target" of <10% a result of 10%. On Pg. 13 under "Summary of decisions by Council" it lists "% Items dealt with in closed session" as – Council 13% and Governance, Finance and Community Services Committee 8%; accordingly, is the percentage of decisions at council meetings not actually 11.7% of all decisions made and exceeds the Target of <10% and why is it not reported as such? (This is a small point but if not correct then why should other quoted statistics be believed?)

Response

The percentage as reported is considered correct. A total of 31 decisions out of 308 were made in closed session, which equates to 10%.

- Q10.** On Page 58 "Waivers relating to COVID-19" it states under "Commercial properties – Rent relief provided in accordance with COVID-19 Disease Emergency (Commercial Leases) Act 2020 an amount of \$84,605; will Council please advise as to **the following as separate questions requiring separate answers:**

- a)** Without disclosing which received rent relief will Council provide a full list of all its commercial tenants?

Response

Drift

Mrs Jones

Jonod (Goodstone)

Marion Storm Cafe

Southern Wild Distillery

Pinctada Kitchen

Redline Coaches

TasTAFE

Indie School

Mersey Bluff Caravan Park

Abel Tasman Caravan Park

Emirates (Hudsons)

Harcourts

Dulverton Waste Management Authority

Harris Scarfe

- 6 -

- b) Without disclosing which received rent relief will Council please confirm the total dollar amount afforded to Providore Place tenants?

Response

As previously advised specific rent relief will not be disclosed.

Q11. On Page 59 "Summary of grants and benefits" it states under "paranaple centre, convention centre and art centre room **hire subsidies**" an amount of \$41,205; will Council please advise as to **the following as separate questions requiring separate answers:**

- a) How much of this amount was off-sets to grants or donations to the hirers?

Response

The subsidy relates in full to the community discount offered to some users of the venue.

- b) What was the total net revenue from the paranaple centre, convention centre and art centre room hire activities during the 2019-20 FY?

Response

Total revenue generated through room hire activities at these facilities was \$283,234 for 2019/20.

Q12. At Note 3 "Significant business activities" on Page 12 of the Annual Financial Report (AFR) it lists paranaple Arts Centre and Convention Centre as Significant Business activities; however, why is Providore Place not included having always been promoted as a purely commercial activity? (in fact Providore Place is not listed in the 2018-19 Annual Report)

Response

Providore Place does not trigger the accounting requirements to be classed as a "Significant Business Activity" and details related to this property are reported in a manner consistent with Council's other commercial properties.

Q13. Further to Q12 will Council provide separate details (similar to that shown for the paranaple Arts Centre and Convention Centre as listed at Note 3) and demonstrating why Providore Place is not listed as a "significant business activity"?

Response

Refer above. At this point Council does not intend to change the reporting structure.

Q14. At Note 28 "Interest bearing liabilities" on Page 38 of the AFR it is listed at "The maturity profile for Council's borrowings is:" that there are no loans "Later than five years" so unless the \$50.017m is going to be paid off inside 5 years then why is this recorded as it is currently?

Response

The current arrangements allow Council to review loans on a rolling 2 year basis and this triggers the timing shown in the Annual Report.

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Q15. At Note 45 "Fair Value Measurement (cont.) on Page 66 of the AFR under "Buildings" it states in paragraph 2 "Council completed construction of the paranaple centre, Providore Place and market square and the CBD carpark in 2019. Given the recent construction, fair value for these assets has been determined to be indexed construction cost." (actual completion dates were carpark 8 December 2017; Providore Place – PC November 2017 with markets commencing 17 December 2017 with first tenants operating October 2018 and paranaple centre opened 3 September 2018); accordingly, will Council please advise as to **the following as separate questions requiring separate answers:**

- a)** Why were the fair value adjustments (especially land) not accounted for in the Annual Report 2018-19?

Response

The gross value of the building assets were included in Property, Plant & Equipment in the 2018/19 Financial Report. Land values were recognised as the information was available. The detailed capitalisation was impacted by number of factors including costings of individual assets supplied by the contractor. The auditors were aware of this timing.

- b)** Will Council please provide the individual "fair value" book entries on the asset register for the following Living City associated premises:
- 6-10 Steele Street (former Webster building)
 - 17 Fenton Way (current Harris Scarfe Site)
 - 21 Oldaker Street (former State LINC/ Library Site)
 - 137 Rooke Street (paranaple centre)
 - 17 Oldaker Street (Providore Place)
 - 40-48 Best Street (multi-level carpark)

Response

This information is not readily available in the requested format. These properties include multiple individual assets across several asset classes and it would require resources that are currently unavailable to calculate the answers requested.

Yours sincerely



Matthew Atkins
GENERAL MANAGER

AGM 2020 RBY Submission re Staff OK send

R. B. VELLACOTT – RATEPAYER
11 COCKER PLACE
DEVONPORT 7310

TO THE GENERAL MANAGER
MR MATTHEW ATKINS
DEVONPORT CITY COUNCIL

Submission for- 2020 Annual general Meeting

Dear Sir,

I would appreciate if you would include in the 2020 AGM Agenda

List of all current staff positions (No names required)

Also inform how many new/ extra positions have been created since the last annual report .

R. B. Vellacott Nov 2020

AGM 2020 QoN Rev - Prov Place Non Rent 2nd Lease Ref Not in AGM REPORT page 58 Sent

From – ROBERT B. VELLACOTT (FINANCIAL RATEPAYER)
11 COCKER PLACE
DEVONPORT 7310

To - THE GENERAL MANAGER MR MATTHEW ATKINS
DEVONPORT CITY COUNCIL
PARANAPLE CENTRE
DEVONPORT 7310

SUBJECT - Question on Notice for the DCC AGM -2020 Re Waiving of rent and other costs for Providore Place Devonport Pty Ltd and other tenants if applicable.

PLEASE INCLUDE THE FOLLOWING AND YOUR RESPONSES IN THE DCC AGM- 2020 AGENDA

Preamble -

I note that in the **2019** Annual report (page 55) under the heading – Community Grants & Events Sponsorship OTHER BENEFITS (ref bottom of page) indicated that an amount of \$163,333 was **funded** for rent to Providore Place Devonport Pty Ltd.

However in the **2020** Annual Report (page58) it appears that “OTHER BENEFITS” is now referred to as “**Other Pecuniary Benefits**” and no mention has been made about Providore Place Devonport Pty Ltd as receiving any rent funding. I further note that during the financial year ending 2020 Council had written off some \$194,147 in bad debts owed by former Head Lessee Providore Place Devonport Pty Ltd following advice that it has no realistic prospect of recouping the money.

Question 1- Will the General Manager please explain the reason for the name changes in regard to Community Grants and for not including, in that section of the 2020 annual report, any benefit for Providore Place Devonport Pty Ltd?

Question 2- Will the General Manager inform the actual amounts (pre COVID -19) lost/ waived rent and other costs in regard to Providore Place Pty Ltd for the financial year 2019- 2020 ?

Question 3- Will the General Manager inform, where it in the 2020 Annual Report is the information pertaining specifically to the loss (pre COVID -19)of revenue /income and other unrecoverable amounts pertaining to Providore Place Devonport Pty Ltd and , if any, other tenancies ?

R.B. Vellacott

R.B. VELLACOTT

1st November 2020


DEVONPORT CITY COUNCIL

ABN: 47 611 446 016

PO Box 604 Devonport TAS 7310 – 137 Rooke Street, Devonport

Telephone 03 6424 0511

 Email council@devonport.tas.gov.au Web www.devonport.tas.gov.au

4 November 2020

Bob Vellacott
 11 Cocker Place
 DEVONPORT TAS 7310

Dear Mr Vellacott

RESPONSE TO SUBMISSION TO THE 2020 ANNUAL REPORT AND QUESTIONS ON NOTICE

I refer to your submission relating to Council's 2020 Annual Report and provide the following responses.

Submission to the Annual Report

Q1 I would appreciate if you would include in the 2020 AGM Agenda, a list of all current staff positions (no names required) and also inform how many new/extra positions have been created since the last annual report.

Response

Please see attached a list of staff position as of 30 June 2020.

In total Council averaged 146.2 full time equivalent (FTE's) positions for the year in comparison to 142.75 for 2019. The additional resources are spread across a number of full-time, part-time and casual positions, but predominately relate to an additional role focused on digital transformation, resourcing for convention centre events and the change in status of some outdoor staff from labour hire contract arrangements to Council employment.

Questions on Notice – Providore Place

Q1 Will the General Manager please explain the reason for the name changes in regard to Community Grants and for not including, in that section of the 2020 Annual report, any benefit for Providore Place Devonport?

Response

There has been no specific reason behind any heading changes other than for improvement or clearer definition. There were no benefits provided to any Providore Place entity during 2019/20.

Q2 Will the General Manager inform the actual amounts (pre COVID-19) lost/waived rent and other costs in regard to Providore Place Pty Ltd for the financial 2019-2020?


The City with Spirit

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Response

As previously advised Council wrote off a total of \$194,147 in bad debts for unpaid rent on Providore Place, part of this amount relates to the previous financial year. The 2019/20 component makes up \$77,480 of this total.

Q3 Will the General Manager inform, where in the 2020 Annual Report, is the information pertaining specifically to the loss (pre COVID-19) of revenue/income and other unrecoverable amounts pertaining to Providore Place Devonport Pty Ltd and, if any , other tenancies?

Response

Bad debts are not reported in the Annual Report and are not generally made public. However, given the interest in Providore Place Council fully disclosed the written off amounts relating to this facility in a number of media releases/statements over the last year most recently in May 2020.

Yours sincerely



Matthew Atkins
GENERAL MANAGER

List of staff positions at the end of June 2020

General Management

General Manager
Executive Officer

People & Finance

Executive Manager People & Finance
Media & Communications Officer
Executive Assistant – General Management
Governance Officer
Executive Officer
Human Resources Coordinator
Human Resources Officer
Finance Manager
Accountant
Revenue Coordinator
Revenue Officer
Finance Officer
Supply Services Officer
Pay Services Officer
Convention & Art Centre Director
Administration Officer
Visitor Services Coordinator
Customer Service Officer x 5
Performing Arts & Operations Supervisor
Front of House Supervisor (paranaple arts centre) x 2
Attendant (paranaple art centre) x 10
Technical Operations Team Leader
Technicians x 3
Visual Arts Coordinator
Creative Learning & Public Programs Officer
Curator
Exhibition Installer x 1
Bass Strait Maritime Centre Coordinator
Project Officer
Functions & Events Coordinator
Functions & Events Officer x 3

Corporate Services

Deputy General Manager
Business Systems Administrator
Project Support Officer – Website Development
IT Coordinator
IT Systems Administrator
IT Support Officer
Customer Services Coordinator
Customer Service Officer x 6
Parking & Information Officer x 5
Community Services Manager
Community Development and Volunteer Coordinator
Community Development and Recreation Officer

Community Services Administration officer
Events Officer
Events Administration Officer
NRM Officer
Sport & Recreation Development Coordinator
Recreation Officer
Attendant DRC x 3
Customer Service Officer – DRC
Project Officer
Development Services Manager
Risk & Compliance Coordinator
Risk, Safety & Compliance Coordinator
Statutory Compliance Officer
Permit Authority Coordinator
Permit Authority Officer
Planning Coordinator
Planning Officer x 2
Administration Officer Planning
Environment Health Officer x 2
Environmental Services Officer

City Growth

Executive Manager City Growth
Asset Management Project Officer – Temporary Fixed-term Position
Project Manager
Project Officer x 2
Infrastructure & Works Manager
Administration Officer
Technical Support Supervisor
Estimator
Technical Officer
Project Management Officer
Asset Management Coordinator
Asset & GIS Officer x 2
City Engineer
Civil Engineer
Engineering Coordinator
Senior Design Officer
Design Officer x 3 (1 vacant)
Engineering & Development Officer – Vacant
Works Supervisor
Administration Officer (Operations) x 2
Parks & Reserves Coordinator
Parks & Reserves 2IC
Parks & Reserves Tradesperson (Horticulturalist) x 4
Parks & Reserves Serviceperson x 14
Building Maintenance Coordinator
Building & Maintenance Tradesperson (Carpenter) x 3
Building Maintenance Serviceperson
Works Coordinator
Mechanic/Diesel Fitter x 3

Plant Maintenance Serviceperson (Parking)
Building Maintenance Electrician
Building Maintenance Plumber
Waste Management Coordinator
Waste Management 2IC
Waste Management Serviceperson x 10
Civil Works Coordinator
Civil Works 2IC
Civil Works Leading Hand x 2
Civil Works Serviceperson x 11

23 Watkinson St

Devonport

m 0438 679 380

2nd November 2020

Mr. M Atkins
Acting General Manager
Devonport City Council
Rooke St
Devonport

Annual Report 2019/20

Questions:-

The hard copy Annual Report that I received is a dismal black and white on pages 1 & 3. As well there is no clear plastic cover or black looped spine.

The Council needs to do better in the next Annual Report.

It would also seem that the new software to prepare Reports and Agendas is not as good as the previous software

- Q1** The online report is in colour so why is my hard copy in black and white?
- Q2** Why doesn't the report contain contact information for the council?
- Q3** Why doesn't every line of the Index have a page number?
- Q4** Why is there is **NO** QUIK STATS page?
- Q5** Why are there are **NO** statistics for the Maritime Museum?
- Q4** The LTIFR is down compare to last year, however, the Target of 0% is well below the actual; so why was the Target so low?
- Q6** Why are the Tax equivalent and Guarantee fee in Note 8-page 19 down cf last year?

Q7 Why does the Note 22 shows the investment in Taswater at only 76% of last year?

Q8 Note 23 the Authority's profit is down to 75% of last year. Why the significant drop?

Douglas Janney

**DEVONPORT CITY COUNCIL**

ABN: 47 611 446 016

PO Box 604 Devonport TAS 7310 – 137 Rooke Street, Devonport

Telephone 03 6424 0511

Email council@devonport.tas.gov.au Web www.devonport.tas.gov.au

4 November 2020

Doug Janney
23 Watkinson Street
DEVONPORT TAS 7310

Dear Mr Janney

RESPONSE TO SUBMISSION TO THE 2020 ANNUAL REPORT

I refer to your submission relating to Council's 2020 Annual Report, and provide the following responses.

Q1 The online report is in colour so why is my hard copy in black and white?

Response

We are happy to print a copy in colour. If this is preferred, please contact Council's Executive Co-ordinator, Jacqui Surtees and make arrangements for collection.

Q2 Why doesn't the report contain contact information for the Council?

Response

The contact information is printed on the last page of the report.

Q3 Why doesn't every line of the index have a page number?

Response

For simplicity the contents page references the report sections only.

Q4 Why is there no quick stats page?

Response

The stats have been presented throughout the document to align more closely with the strategic goal to which they relate.

Q5 Why are there no statistics for the Maritime Museum?

Response

Entries to the Bass Strait Maritime Centre are on page 42.



The City with Spirit

- 2 -

Q6 The LTIFR is down compared to last year, however, the target of 0% is well below the actual; so why was the target so low?

Response

Council have a safety target of zero harm and whilst this may be ambitious, as an organisation we make no apologies for striving to eliminate any injuries to our employees.

Q7 Why are the tax equivalent and guarantee fee in Note 8 – page 19, down cf last year?

Response

TasWater notified that it would no longer be required to pay tax equivalents or guarantee fees to shareholders from early in the 2019/20 financial year.

Q8 Why does the Note 22 show the investment in TasWater at only 76% of last year?

Response

This was the result of a write down of asset values by TasWater.

Q9 Note 23 the Authority's profit is down to 75% of last year. Why the significant drop?

Response

In 2019/20 Dulverton Regional Waste Management Authority's (DWM) financial performance was more in line with historical averages, and Council received their share of a Dividend of \$600,000 and Income Tax Equivalents of \$994,581. Council's ownership share of DWM is 43.45%.

In 2017/18 and 2018/19 DWM had increased profitability due to a number of discreet special projects. This resulted in an additional special dividend in 2017/18 of \$420,000 and higher than average Income Tax equivalents in 2018/19 of \$1,570,674.

Yours sincerely



Matthew Atkins
GENERAL MANAGER

3rd November 2020

Devonport City Council
137 Rooke Street
DEVONPORT TAS 7310

Matthew Smith
82 Wrenswood Drive
Quoiba TAS 7310

ATTENTION: MR. MATTHEW ATKINS – GENERAL MANAGER (MAYOR & COUNCILLORS)

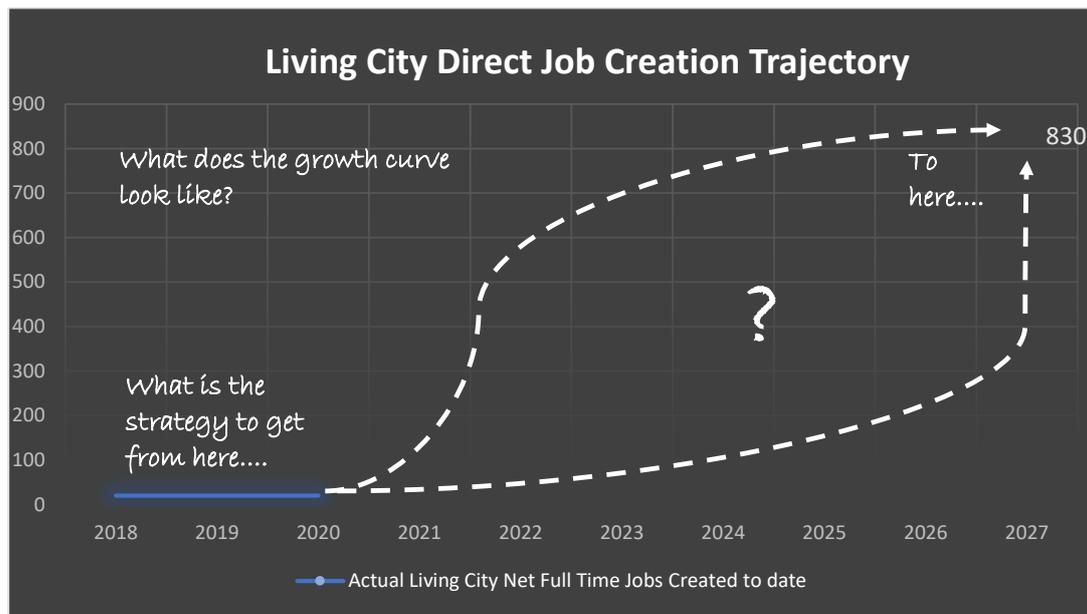
RE: Questions on Notice to 2020 AGM and Submission to Annual Report

Dear Sir,

With reference to the Agenda and Minutes of the 26 October 2020 Ordinary Meeting and Notice of Annual General Meeting dated 24th October 2020, the following is submitted for inclusion in the Agenda for the Annual General Meeting of Council scheduled for Monday 9th November 2020.

Questions on Notice from Item 6.6 on Page 64 of the October Ordinary Meeting Agenda – “Annual Financial Report – 30 June 2020”

Q1. Within the Annual Report, the council refer to Living City creating 830 jobs. Given that the time frame was 10 years and that (even prior to the impact of Covid), three years in and there has been negligible net jobs growth, how does the growth trajectory look? What will drive it?



Q2. Irrespective of the nuances of Accounting Standards, Councillors need to ensure that the Annual Report and in particular the Financial Statements reflect the performance of Council over the past year. What is the justification for formulating series of complex valuation procedures in regard to Stage One of Living City using generic information from the Valuer General when current valuations specific to the properties concerned are freely available.

Q3. What is the justification for increasing the valuation of the Living City Stage One Properties when none of the key indices justify it?

Please acknowledge receipt and ensure inclusion in full in the 9 November 2020 Annual General Meeting Agenda.

Yours sincerely,

Matthew Smith

CC: Mayor & Councillors

**DEVONPORT CITY COUNCIL**

ABN: 47 611 446 016

PO Box 604 Devonport TAS 7310 – 137 Rooke Street, Devonport

Telephone 03 6424 0511

Email council@devonport.tas.gov.au Web www.devonport.tas.gov.au

4 November 2020

Mr Matthew Smith
82 Wrenswood Drive
QUOIBA TAS

Dear Mr Smith

QUESTIONS ON NOTICE TO THE 2020 AGM AND SUBMISSION TO THE ANNUAL REPORT

I refer to your letter dated 3 November containing questions on notice to the 2020 Annual General Meeting and submission to the Annual Report, and provide the following responses:

- Q1** Within the Annual Report, the Council refer to Living City creating 830 jobs. Given that the time frame was 10 years and that (even prior to the impact of COVID), three years in and there has been negligible net jobs growth, how does the growth trajectory look? What will drive it?

Response

The job figure to which you refer was estimated by consulting firm HillPDA in a study into the regional benefits of LIVING CITY in 2016. Whilst quantifying the actual jobs created from LIVING CITY as opposed to other influences is difficult, Council is confident that the city is already seeing economic development and job growth which would not have occurred without the investment in LIVING CITY. This includes new businesses, growth in the Southern CBD including the establishment of TasWater's regional headquarters, existing business expansion, increased development applications, convention/conference activity and increased construction work with the associated flow on affects being experienced by local contractors. This economic growth is expected to continue with future opportunities such as the privately funded hotel currently under construction and the EOI process recently started to identify further CBD development.

- Q2** Irrespective of the nuances of Accounting Standards, councillors need to ensure that the Annual Report and in particular the Financial Statements reflect the performance of Council over the past year. What is the justification for formulating series of complex valuation procedures in regard to Stage One of Living City using generic information from the Valuer General when current valuations specific to the properties concerned are freely available?

*The City with Spirit*

- 2 -

Response

Council has valued the buildings in question in accordance with applicable accounting standards and the financial statements have been audited by the Tasmanian Audit Office.

Q3 What is the justification for increasing the valuation of the Living City Stage One properties when none of the key indices justify it?

Response

Council has valued the buildings in question in accordance with applicable accounting standards and the financial statements have been audited by the Tasmanian Audit Office.

Yours sincerely



Matthew Atkins

GENERAL MANAGER

Submission --- 2020 Devonport City Council Annual Report

Submission 1

Council has adopted AASB 116 regarding Property Plant and Equipment

The objective of this standard is:

to prescribe the accounting treatment for property, plant and equipment so that users of the financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. The principal issues in accounting for property, plant and equipment are the recognition of the assets, the determination of their carrying amounts and the depreciation charges and impairment losses to be recognised in relation to them.

Paragraph 37 of AASB 116 states that:

A class of property, plant and equipment is a grouping of assets of a similar nature and use in an entity's operations. The following are examples of separate classes: (a) land;(b) **land and buildings**;(c) machinery;(d) ships;(e) aircraft;(f) motor vehicles;(g) furniture and fixtures;(h) office equipment; and (i) bearer plants

The effect of paragraphs 29, 30 and 31 of AASB 116 is to require council to choose as its accounting policy either, the revaluation model or the costs model; then council must apply the chosen accounting policy to the entire class of property.

However, council appears to have "cherry picked" different accounting policies/valuation methods then applied them within the same class of property to determine the carrying amount for the property.

That is to say, having chosen the revaluation method for the class of property "buildings" and applied this [ie Valuation by Valuer General--see note 45] council then adopted construction cost with indexation only for the three "Living City buildings". This does not apply AASB116 consistently.

The Annual report (note 45) clearly indicates that the class of property " buildings " was revalued for this report.

Paragraph 36 of AASB 116 provides that '*If an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs shall be revalued*'.

Accordingly, the three "Living City buildings" ought to have been revalued at the same time and in the same manner as the others in that class, namely statutory valuation by the Valuer General. Valuations were readily available and published by the Valuer General following inspections in 2019, building value (capital value less land value) provides:

• Providore Place	\$ 2.84 m	Adj factor 1.20 (FY 19/20)	\$ 3.41m
• Paranaple (53% share)	\$ 5.635m	Adj factor 1.20 (FY 19/20)	\$6.76m
• Multi Level Car park	\$ 4.20m	Adj factor 1.20 (FY19/20)	\$5.04m
		Total	\$15.21m

As can be readily seen these valuations by the Valuer General differ markedly from the valuation achieved by indexed construction cost. While the individual indexed construction cost is not disclosed in the annual report, the construction costs are believed to be in the region of \$10 million, \$22 million and \$14 million respectively, with a total about \$46million. That is a significant divergence and worthy of reporting an impairment. It is noted that the Valuer General recorded information that the “3 Living City” buildings were constructed, Providore Place in 2017 with Multi Level car park and Paranaple in 2018.

Both accounting policies ‘revaluation’ and ‘cost’ require council to take into account **impairments** as well as depreciation to determine the carrying values. It doesn’t appear that council has taken into account impairment. The consideration of impairment, or information regarding impairment, (other than Taswater) is not readily discernable or apparent in the annual report.

AASB 136 (Impairment of Assets) provides:

The objective of this standard is to prescribe the procedures that an entity applies **to ensure that its assets are carried at no more than their recoverable amount**. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and the standard requires the entity to recognise an impairment loss.

‘Carrying amount’ is the amount at which an asset is recognised after deducting any accumulated depreciation **and accumulated impairment losses**.

AASB 13 (Fair Value) provides that :

Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. **However, the objective of a fair value measurement in both cases is the same—to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (ie an exit price at the measurement date** from the perspective of a market participant that holds the asset or owes the liability)

Submission 2:

Providore Place is a significant business activity of the Devonport City Council and it should be recorded as a significant business activity in the annual report.

Providore Place was built by council at a cost of about \$10 million as a speculative commercial property venture on the basis that income in the form of rent would be received to fund the venture (ie repay the loan). It has been from the outset a significant business activity, yet council fails to report it on that basis, presumably to avoid disclosing the extent of the large losses involved.

Despite council making substantial losses on Providore Place, it remains nevertheless a significant business activity. For example, the Paranaple Convention Centre operates at large losses and is reported as a significant business activity. Council has now even taken over the day to day operational management of the Providore Place venture subsequent to termination of the head lease. It consists of a variety of business tenants.

The relevant information (concerning a significant business activity) ought be reported for Providore Place in the same manner as the Multi Story Car Park, including operating capital and competitive neutrality costs.
Of the three "Living City buildings" **only** information regarding Providore Place is still withheld.