

ANNUAL GENERAL MEETING - 24 OCTOBER 2022 ATTACHMENTS

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NOVEMBER 2021.....2

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**Minutes of the Annual General Meeting of the Devonport City Council
held on Monday, 8 November 2021, in the convention centre, level 3, paranaple centre,
137 Rooke Street Devonport, and live streamed from 5:30pm**

PRESENT:

Councillors:

Cr A Rockliff (Mayor)
Cr A Jarman (Deputy Mayor)
Cr J Alexiou
Cr G Ennis
Cr P Hollister
Cr L Laycock
Cr S Millbourne
Cr L Murphy
Cr L Perry

Council Officers:

General Manager, M Atkins
Deputy General Manager, J Griffith
Executive Manager People & Finance, K Peebles
Executive Manager City Growth, M Skirving
Executive Coordinator, J Surtees
Governance Officer, C Jordan
Communication & Engagement Officer, T Creedon

Electors:

Douglas Janney	Robert Vellacott	Lyn Johnson	Sue Jordan
Peter Jordan	Trevor Smith	Louise Leslie	James Leslie
Graham Jones	Robyn Carey	Desley Blanch	Anne Murfett
Chris Murfett	Margaret Fay	Gary Easter	Sally Easter
Graeme Nevin	Malcolm Gardam	Rodney Russell	Timothy McGee
Peter Stegmann	Janne Flesfader	Sylvia Sayers	Rodney Bramich
Don Willing	Grant Goodwin	Kylie Lunson	Michael Williams

Other:

Karen Hampton	Joshua Jackson	Geoffrey Dobson	Tim Cooper
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WELCOME AND INTRODUCTIONS

The Mayor welcomed everyone to the Annual General Meeting and introduced the elected members and the Executive Leadership team.

Acknowledgment of Country

The Mayor acknowledged and paid respects to the Tasmanian Aboriginal community as the traditional and original custodians of the land on which we meet and acknowledged their elders past, present and emerging.

Digital 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 digital recording of this meeting will be made available to the public on Council's website. The meeting is being Live Streamed to the Devonport City Council YouTube channel.

1 ANNUAL GENERAL MEETING GUIDELINES

The Mayor outlined the AGM Guidelines.

Mr Graeme Nevin requested clarification regarding voting and meeting procedures for the Annual General Meeting, in particular whether *Local Government (Meeting Procedures) Regulations 2015* sections 28(3), 20, 21, 22 and 23 applied to the meeting.

Response

The General Manager advised that it is a majority of the people that vote, that determines whether the motion is passed or not and it was confirmed that regulation 28 (3) does not apply to the meeting.

The General Manager confirmed as per rule number one of Council's Annual General Meeting Guidelines, that as far as practicable the meeting regulations would apply, however there is discretion for the Chair to determine otherwise if appropriate.

2 APOLOGIES

Mr Dave Race
Mr Graham Kent

3 DECLARATIONS OF INTEREST

The following Declarations of Interest were advised:

Councillor	Item No.	Reason	Remain in the meeting? Y/N	If remaining, reasons for decision
Cr L Murphy	7.4 & 7.5	Previously involved in the decision	Y	Staying to ensure there is a quorum but will not be involved in debate or voting.
Cr S Milbourne	7.4 & 7.5	Previously involved in the decision	Y	Staying to ensure there is a quorum but will not be involved in debate or voting.
Cr L Perry	7.4 & 7.5	Previously involved in the decision	Y	Staying to ensure there is a quorum but will not be involved in debate or voting.
Cr L Laycock	7.4 & 7.5	Previously involved in the decision	Y	Staying to ensure there is a quorum but will not be involved in debate or voting.

Councillor	Item No.	Reason	Remain in the meeting? Y/N	If remaining, reasons for decision
Cr P Hollister	7.4 & 7.5	Previously involved in the decision	Y	Staying to ensure there is a quorum but will not be involved in debate or voting.
Cr A Rockliff	7.4 & 7.5	Previously involved in the decision	Y	Staying to ensure there is a quorum but will not be involved in debate or voting.
Cr G Enniss*	7.4 & 7.5	Involved in the previous Council decision about the parking matter to which the motions relate.	Y	Staying to ensure there is a quorum but will not be involved in debate or voting.

* note conflict was advised in writing prior to meeting, however not announced at the meeting.

4 CONFIRMATION OF MINUTES

MOVED: Mr Grant Goodwin
 SECONDED: Ms Sylvia Sayers

That the minutes of the Annual General Meeting held on 9 November 2020, as attached, be confirmed.

FOR	22
AGAINST	9
OUTCOME	Carried

5 PRESENTATION OF ANNUAL REPORT

The General Manager provided a brief overview of the 2021 Annual Report.

6 SUBMISSIONS/QUESTIONS TO THE ANNUAL REPORT

MOVED: Cr Perry
SECONDED: Cr Murphy

That submissions and questions, and the subsequent answers, on the 2020/21 Devonport City Council Annual Report, be noted.

FOR	24
AGAINST	7
OUTCOME	Carried

7 MOTIONS ON NOTICE

7.1 NOTICE OF MOTION FROM MR TREVOR SMITH - FOOTPATHS

MOVED: Mr Trevor Smith

SECONDED: Mr Rodney Russell

That Councillors be requested to allocate some, if not all, of the \$2 Million surplus funds Council received for the 2020-21 financial year towards the construction of footpaths particularly in the areas where residents have paid rates for 40 or more years, also prioritising the streets where the residents and or public have constantly requested that footpaths be provided.

FOR	18
AGAINST	17
OUTCOME	Carried

7.2 NOTICE OF MOTION FROM MR ROBERT VELLACOTT – DISPOSAL BY AUCTION OF PROVIDORE PLACE

MOVED: Mr Robert Vellacott
SECONDED: Mr Graeme Nevin

That the electors here present at this the Devonport City Council 2021 Annual General Meeting request the Mayor and Councillors take such action necessary for the early sale, of the real estate known as Providore Place, so as to enable it to be listed for sale by auction at a reserve price to be decided by the Council and if the property is sold the proceeds of sale be paid off the Council debt incurred to build it.

FOR	14
AGAINST	22
OUTCOME	Lost

7.3 NOTICE OF MOTION FROM MR ROBERT VELLACOTT – POSSIBLE INCREASE OF GAMING VENUES AND OR FACILITIES

MOVED: Mr Robert Vellacott
 SECONDED: Mr Graham Jones

That we the electors here present at the Devonport City Council 2021 Annual General Meeting here-by express in the strongest possible terms our opposition to any increase in the number of licensed gaming devices in existing venues and or the licensing of new premises for the purpose of licensed gaming in the municipality and we request our elected representatives being the Mayor and Councillors to on our behalf oppose an application to – (a) increase gaming devices in any existing venues, and or the installation of the devices in new premises and (b) refrain from supporting any person or entity seeking to obtain a licence to increase and or manage licensed gaming in Devonport.

FOR	14
AGAINST	19
OUTCOME	Lost

Having previously declared a conflict of interest in agenda items 7.4 & 7.5, Cr Rockliff vacated the Chair. Cr Enniss, Cr Laycock, Cr Hollister, Cr Milbourne, Cr Murphy & Cr Perry also declared an interest in items 7.4 & 7.5. All councillors remained in the room to ensure a quorum for the meeting, but did not participate in debate or vote on the items.

Deputy Mayor Cr Jarman took the chair at 6:39pm

7.4 NOTICE OF MOTION FROM MR ROBERT VELLACOTT – TO EXPRESS DISAPPOINTMENT OF COUNCIL’S REJECTION OF THE MOTION PASSED AT THE 2020 AGM IN REGARD TO PROVIDING FREE PARKING VOUCHERS TO THOSE WHO HAVE PAID RATES FOR 50 YEARS OR MORE

MOVED: Mr Robert Vellacott

SECONDED: Mr Douglas Janney

That we the electors and ratepayers here present express our extreme disappointment in the Mayor and those councillors who voted, at the DCC Ordinary meeting of 22nd February, to reject the request as per the notice of motion as passed by a majority of electors at the DCC 2020 Annual General meeting being “That Council at the next meeting, consider providing all ratepayers of 50 years or more with parking vouchers as provided to pensioners”

FOR	15
AGAINST	8
OUTCOME	Carried

7.5 NOTICE OF MOTION FROM MR ROBERT VELLACOTT – REQUEST COUNCIL TO RESCIND THE RESOLUTION 21/29 PASSED AT THE DEVONPORT CITY COUNCIL ORDINARY MEETING HELD ON 22 FEBRUARY 2021

MOVED: Mr Robert Vellacott
SECONDED: Mr Douglas Janney

That the electors here present request that Council rescind resolution number 21/29 passed at the 22nd February 2021, being Agenda item 5.2 – “That Council does not include ratepayers of 50 years or more into the parking concession, which is offered to aged, disability and service pensioners”

FOR	14
AGAINST	5
OUTCOME	Carried

The Mayor resumed the Chair at 6:49pm.

7.6 NOTICE OF MOTION FROM MR ROBERT VELLACOTT – REQUEST COUNCIL TO CONSIDER EXTENDING PARKING CONCESSIONS

MOVED: Mr Robert Vellacott

SECONDED: Mr Douglas Janney

That the electors here present request Council to include ratepayers of 50 years or more into the parking concession which is offered to aged, disability and service pensioners

FOR	18
AGAINST	9
OUTCOME	Carried

8 GENERAL BUSINESS

Douglas Janney – 23 Watkinson Street, Devonport

Q1. The seating arrangement that I have experienced at annual general meetings with the councillors seated facing the Mayor and Executive and their backs to the ratepayers who are present, I find this arrangement offensive. All ratepayers present ought to face the rate payers who are present and I have raised this before.

Response

The Mayor said that it was a fair and reasonable comment and that she would take it on board.

Q2. The hard copy of the annual report that I received is a dismal black and white and in two parts there should be a clear plastic cover and a black looped spine and all in one document this is a second year of such poor presentation go back and look at the 2019 report. The online report is in colour, so why is my hard copy in black and white.

Response

The Mayor advised that it is more expensive to print colour copies.

Q3. Why isn't the Auditor's Report part of the financial report?

Response

The General Manager advised the two documents are posted on the website together, the full financials are in the attachment and the letter of the Auditor is within the report document, but the two should be looked at as one.

Q4. The Auditor Report's was signed off on the 14th of September, why can't the AGM be held within three weeks of that date?

Response

The General Manager advised once the financial report gets signed off, Council then finalises the Annual Report. It is then provided to Councillors for input before a period of community comment. This timeline generally allows that the AGM is held in early November. It was noted Devonport City Council are one of the first Councils to hold their AGM, this year.

Malcolm Gardam – 4 Beaumont Drive, Miandetta

Clarification on Council response to question in the Agenda Attachments

Q1. With reference to a Council response to a question on notice on Page 19 of the Agenda Attachments relating to Bad & Doubtful Debts, by area of operation, Council has advised an amount of \$28,046 against "Development & Health Fees"; accordingly will Council clarify the following separately:

- a) The combination of Development and Health Fees seem a strange marriage of costs so will Council elaborate just what Development entails?

Response

The Executive Manger People and Finance confirmed that Development and Health is a department of Council.

Mr Gardam asked what does Development take into account?

The Executive Manager People and Finance advised it takes into account planning and other associated application fees.

- b) More specifically does Development encompass Council's commercial activities such as commercial leases?

Response

The Mayor confirmed it does not.

- c) On that basis will Council advise under which area of operation the Bad & Doubtful Debts being listed as 90 days and over and 3 years or more, as discussed in closed session at the July ordinary meeting are included?

Response

The Executive Manager People and Finance responded that the report was considered in Closed Session and therefore she was unable to comment.

Providore Place – Council funded tenant-specific work for Island State Brewing

- Q1.** In light of these generous fitout costs being subsidised by ratepayers for first tenants will Council confirm if any fitout costs whatsoever are being provided for the new Island State Brewing tenant?

Response

The General Manager responded that Council has commercial arrangements with the tenants and the information that can be disclosed has been. We've made public comment in regard to that previously. I think we reassured Mr Gardam at the time that the rent was reflective of the commercial realities including any contributions.

- Q2.** Council has previously funded the tenant-specific base-build cost for the first tenant; accordingly is Council doing the same in the Island State Brewing tenancy and if so what is the contract price for those works and if not contracted then what is the budget amount?

Response

The Mayor advised that we've already explained that and released all that we can.

- Q3.** If Council is funding the base-build costs for Island State Brewing then is Council managing the work or paying the tenant for the work and to manage it?

Response

The General Manager advised that the question would be taken on notice.

Waterfront Parkland Redevelopment Completion Date

- Q1.** Is "time at large" on this contract meaning that the contract date for completion (Adjusted Date for Practical Completion) is no longer effective and therefore no longer contractually enforceable other than the contractor must complete the works in a reasonable time?

Response

The General Manager advised that is not correct and confirmed Council have a contractual arrangement with Vos in place.

- Q2.** As Council continues to refuse to disclose an actual completion date for the Waterfront Parkland contract will Council at least advise ratepayers what month next year it expects full completion of the contract including the Elevated Walkway?

Response

The General Manager responded, Council has continued to provide regular updates to the community on the progress of the waterfront park and will continue to do so, as soon as new information becomes available.

Rodney Russell – 225 Steele Street, Devonport

Q1. In regards to Mr Gardam's question where the general manager said he would reply in writing, when will that be available?

Response

It was noted a copy will be provided in our Council Agenda in a couple of weeks.

Q2. At the beginning of the meeting you asked the councillors to stand up and face the audience which is a good idea but I also would like to see them sitting over there facing that way.

Response

The Mayor advised that she accepts the criticism and that it is noted.

Robert Vellacott – 11 Cocker Place, Devonport

Q1. I just want to make a clarification in regards to Providore Place. I cast no aspersions to the tenants in regard to that property, but my question now is, will Council please treat all contracts and business pertaining to Providore Place, in the same way as all other contracts, and not in Closed Session? I think you are all aware of my thoughts over the years on that and I believe had you stuck to that, half your problems wouldn't be here tonight, half of those problems wouldn't have risen.

Response

The Mayor responded that is not always possible, however given the statistics in our annual meeting around how many items we considered in Closed Session compared to Open Session, you will realise that we consider everything that we possibly can in Open Session given people's right to privacy.

Graeme Nevin – 145 Percy Street, Devonport

Q1. In light of your response to Mr Vellacott my question is, do you agree Madam Mayor that every operational decision in relation to Providore Place, since July 2016, has been made in closed session?

Response

The Mayor responded that's probably close to the case, however without going back to every decision over the last five and half years I'm not prepared to agree with that, but I'll take your comment as comment.

9 CLOSURE

The Mayor declared the meeting closed at 7:10pm

AGM 2022 RBV - Questions on Notice to send

FROM - ROBERT.B. VELLACOTT (Financial Ratepayer)
11 COCKER PLACE
DEVONPORT 7310

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

Dear Sir,

Subject : Questions on notice Devonport City Council 2022 Annual General Meeting

The responses to the following questions I believe will be of interest and for the edification for all ratepayers and also especially for all existing councillors and candidates standing for council.

Q1 - I note that FYE June 30 2022 councils debt was \$46.9 million;

will you please inform –

(a) what amount of the debt is attributed to the Living City Project ? \$.....

b) What is the projected time frame to pay off the total debt ?years

Q2 In regard to the paranaple centre for the FYE 30 June 2022

(a) given the State Govt, has a Strata Title to part of the building and should be paying a percentage of the overall cost to maintain it; what was the total cost of maintenance for e.g. building, lifts escalators, heating, all cleaning including internal and external windows? \$.....

(b), what was the amount in dollar terms and as a percentage the State Government paid FYE ending 30 June 2022 towards the above expenditure? \$..... :%

Q3 Advice from the Local Government Division advises that, it is prudent ,for council to before embarking on new infrastructure give good consideration to ongoing costs and make allowances for such so as not to encumber ratepayers with embarrassing unbudgeted financial costs .Now that the construction of the waterfront park and roundhouse park is almost completed; what is the projected total annual maintenance cost, including all associated annual costs of the Elevated Walkway and the proposed light and sound show?

Q4 - During 2021 questions were asked of council specifically about legal expenses pertaining to Providore Place - the General Manager informed that *“Legal expenses are not captured or reported to the detail you request.”* After insistence the costs were revealed. Apparently at the time of asking the computer accounting system was not capable of providing that simple information. I now ask has the software been upgraded to easily provide simple information such as previously asked for. A simple yes or no answer will suffice?

Please include all of the above and answers in the Agenda for the **2022** Annual General Meeting.

Robert .B. Vellacott -- 15th October 2022



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

19 October 2022

Mr B Vellacott
11 Cocker Place
DEVONPORT TAS 7310

Dear Mr Vellacott

Response to Question on Notice to the AGM – 24 October 2022

I refer to your questions on notice provided for the 2022 Annual General Meeting and provide the following responses:

Q1. I note that FYE June 30, 2022 Council's debt was \$46.9 million; will you please inform–

- a) What amount of the debt is attributed to the Living City Project?
- b) What is the projected time frame to pay off the total debt?

Response

Of Council's total loan debt, 86% is attributable to LIVING CITY.

The timeframe to pay off the debt will depend on future Council decisions to increase, repay or refinance debt.

The financial strategy states that where possible, Council will assess the term of the debt in relation to the life of the asset. The use of debt in this manner attempts to address the issue of inter-generational equity.

Building assets of this nature typically have useful lives of between 20 to 80 years depending on the building component. (Internal finishes 20 years, external finishes and services 40 years, residual structure 80 years).

Council's current long term financial plan forecasts total debt in 2032 to be \$32.8 million.

Q2. In regard to the paranapple centre for the FYE 30 June 2022:

- a) Given the State Govt, has a Strata Title to part of the building and should be paying a percentage of the overall cost to maintain it; what was the total cost of maintenance for e.g. building, lifts escalators, heating, all cleaning including internal and external windows?
- b) What was the amount in dollar terms and as a percentage the State Government paid FYE ending 30 June 2022 towards the above expenditure?



The City with Spirit

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Response

Costs associated with individual Strata Lots within the paranaple centre are charged direct to each party, with shared costs for common areas owned by the Body Corporate distributed on a percentage basis.

The total outgoing expenses for the Devonport City Council Strata Lots for the 2021/22 financial year were: \$227,339.07 (ex GST).

The apportionment of Body Corporate charges are 57% to the Devonport City Council, and 43% to the State Government, with total costs charged to the Devonport City Council for the 2021/22 financial year being \$223,116.81.

Q3. Advice from the Local Government Division advises that, it is prudent, for council to before embarking on new infrastructure give good consideration to ongoing costs and make allowances for such so as not to encumber ratepayers with embarrassing unbudgeted financial costs .Now that the construction of the waterfront park and roundhouse park is almost completed; what is the projected total annual maintenance cost, including all associated annual costs of the Elevated Walkway and the proposed light and sound show?

Response

Council budgets for future operational and maintenance costs by way of a percentage of a projects capital cost. This is applied to all new assets within the long term financial plan. These amounts are then further refined as part of the annual budget process each year. Within the 2022/23 budget is an allocation of \$164,000 for operational and maintenance costs relating to the waterfront park.

Q4. During 2021 questions were asked of council specifically about legal expenses pertaining to Providore Place - the General Manager informed that "*Legal expenses are not captured or reported to the detail you request.*" After insistence the costs were revealed. Apparently at the time of asking the computer accounting system was not capable of providing that simple information. I now ask has the software been upgraded to easily provide simple information such as previously asked for. A simple yes or no answer will suffice?

Response

There has been no change to Councils financial reporting in recent years. Reports are made publicly available at budget time and during the year and continue to include a high level of detail.

Yours sincerely



Matthew Atkins
GENERAL MANAGER

16th October 2022

Devonport City Council
137 Rooke Street
DEVONPORT TAS 7310

Malcolm Gardam
4 Beaumont Drive
MIANDETTA TAS 7310

ATTENTION: MR. MATTHEW ATKINS – GENERAL MANAGER

RE: QUESTIONS ON NOTICE TO THE 2022 AGM

Dear Sir,

With reference to the Notice of Annual General Meeting dated 8th October 2022, the following is submitted for inclusion in the Agenda for the Devonport City Council Annual General Meeting scheduled for Monday 24th October 2022.

Questions on notice re the Annual Financial Report - EOFY 30 June 2022

Q1. Reference to Note 1(j) – “Change in accounting treatment” on Page 8 of the Annual Financial Report. The statement commences with “*During the year Council voluntarily changed the valuation methodology for one building asset, this change was based on external advice received from Deloitte in 2020....*” and accordingly I hereby request separate answers to each the following separate questions on the same subject matter:

- a) Why has Council not acted until 2022 on advice received from Deloitte in 2020 when the building was completed in 2018?
- b) What does “*voluntarily changed*” mean in relation to the changed methodology? (does it mean Council changed if before being directed to do so?)
- c) The notation reads that this is the last asset to be valued under this methodology but in the 2021 AGM documentation Council advised in relation to a Providore Place revaluation that “*All building assets were reviewed during 2020/21 in line with the cyclical revaluation schedule. As stated in Note 1, the building is now valued consistently with other Council owned commercial buildings.*” so why was this building not revalued at the same time as Providore Place?

Q2. Reference to Note 1(j) – “Change in accounting treatment” on Page 8 of the Annual Financial Report. I note the asset value reduction for the one building asset, as mentioned in Question 1, amounts to \$10,026,000 and request separate answers to each the following separate questions on the same subject matter:

- a) Within last year’s AGM documents Council advised that this methodology was applied to Providore Place; accordingly will Council advise as to which building this reduced asset value of \$10,026,000 relates to?

- b) Will council please explain why the massive discrepancy between the indexed construction cost of \$16,595,000 and the Valuer-General's market valuation of \$6,569,000 exists?
- Q3.** Reference to Note 28 – “Interest bearing liabilities” on Page 36 of the Annual Financial Report. I note the repayment of loan principal in the amount of \$1,073,000 for the 2021/22 financial year. The previous three FY's were 2020/21 was \$2,081,000 and 2019/20 a repayment of \$1,804,000 and in 2018/19 a net increase in the loan amount book value by \$6,662,000. The cost to service the interest repayment on the total loan amount is currently approximately \$900,000 per annum (Ref. Note 14 and 42); accordingly, I request separate answers to each the following separate questions on the same subject matter:
- a) Why did council halve its principal repayment amount to \$1,073,000 compared to the comparative amount of \$2,081,000 in the previous year, when we are told the economic circumstances are improving and with over \$14,000,000 of unrestricted cash and cash equivalents (Ref. Note 19) on hand?
- b) Will council please confirm the allocated budget amount for loan principal repayment in the 2022/23 financial year?
- c) Is Council currently kicking the debt down the road to ensure an annual budget surplus while servicing interest is costing ratepayers around \$900,000 p.a. and will only increase going forward?
- Q4.** Reference to Note 28 – “Interest bearing liabilities” on Page 36 of the Annual Financial Report. I note the statement that “*Loans as at 30 June 2022 include a variable rate loan of \$11.6M, a fixed interest loan of \$20.3M that matures in 2026 and a fixed interest loan of \$15M that matures in 2041 with a residual balance of \$6.7M.*”; accordingly, I request separate answers to each the following separate questions on the same subject matter:
- a) It is unclear if the stated residual amount of \$6.7M in 2041 refers to the \$15M loan or the total loan portfolio therefore please confirm what is the total residual balance of the current loan portfolio projected to be nineteen years from now in 2041?
- b) Even if the total residual amount for the current loans in 2041 is projected to be \$6.7M then this requires some \$40.2M be paid off in 19 years so will Council confirm how this will happen with principal repayments around the \$1M per year?
- Q5.** Reference to Note 42 – “Financial instruments (a) Accounting policy, terms and condition Page 50 of the Annual Financial Report. It states under Financial liabilities “Interest bearing loans” (28) “*Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 1.92% (2.92% in 2020/21*”; accordingly, I request separate answers to each the following separate questions on the same subject matter:
- a) Will Council confirm if the weighted average interest rate on borrowings of 1.92% includes other loan facility costs?

- b) If the other loan facility costs are not included then what is the value of those costs or the percentage of loan value that Council applies to ensure accurate records of total loan costs?

General questions on notice for the Annual General Meeting 2022

Q6. In The Advocate article “Mr Good Guy Asian restaurant and bar opens at new Novotel” dated 7th October 2022, it stated that the Novotel Hotel was hosting a “*low-key opening function*” with “*just a small gathering of some council (members).*” - will council please answer the following as separate questions on the same subject matter:

- a) Was there an actual “*opening*” on the night and if so who officially opened the hotel?
- b) Please provide the names of the individual councillors and staff members that made up the “*...small gathering of some council (members)*” in attendance?
- c) Were any of the “*council (members)*” in attendance provided accommodation for the night at nil or minimal room cost?

Q7. Following the opening of Providore Place (now named Market Square Pavilion) there were delays in the Valuer-General providing the adjusted valuation for the completed building thereby delaying the issuing of council rate notices for the full rate amount, however, has the owner of the new Novotel Hotel been paying rates during the construction period (I.e. has the owner been given a rate remission?

Q8. At the 2021 AGM I asked if council could provide the Date for Practical Completion for the Waterfront Parkland or was “time at large” under the contract meaning the contractor contractually only had to complete the works in a reasonable time. The General Manager declined to advise a date and instead stated “we have a contract” which is correct but didn’t answer the actual question; accordingly, my question almost 12 months later is will Council advise what the Date for Practical Completion for the new Waterfront Parkland is and the date the public will have unrestricted access to the whole site?

Please acknowledge receipt and ensure inclusion in full in the 24th October 2022 Annual General Meeting Agenda.

Yours sincerely,

Malcolm Gardam



19 October 2022

Mr M Gardam
4 Beaumont Drive
MIANDETTA TAS 7310

Dear Mr Gardam

Response to Question on Notice to the AGM – 24 October 2022

I refer to your question on notice provided for the 2022 Annual General Meeting and provide the following response:

Questions on notice re the Annual Financial Report - EOFY 30 June 2022

Q1. Reference to Note 1(j) – “Change in accounting treatment” on Page 8 of the Annual Financial Report. The statement commences with “*During the year Council voluntarily changed the valuation methodology for one building asset, this change was based on external advice received from Deloitte in 2020...*” and accordingly I hereby request separate answers to each the following separate questions on the same subject matter:

- a) Why has Council not acted until 2022 on advice received from Deloitte in 2020 when the building was completed in 2018?

Response

AASB 116 requires an item of property, plant and equipment that qualifies for recognition as an asset to be initially recognised at cost. Subsequent to the initial recognitions, the Standard gives the option to either continue to carry the item at cost or at a revalued amount. When a revaluation is undertaken, it must be applied to the whole asset class. The next full revaluation cycle was scheduled for the 2021/22 financial year and therefore the building was held at indexed cost until the whole class of assets were revalued, in accordance with the advice received from Deloitte.

- b) What does “voluntarily changed” mean in relation to the changed methodology? (Does it mean Council changed if before being directed to do so?)

Response

Council changed the methodology voluntarily in the sense that the change was at its discretion.

- c) The notation reads that this is the last asset to be valued under this methodology but in the 2021 AGM documentation Council advised in relation to a Providore Place revaluation that “*All building assets were reviewed during 2020/21 in line with the cyclical revaluation schedule. As stated in Note 1, the building is now valued consistently with other Council*”



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owned commercial buildings." so why was this building not revalued at the same time as Providore Place?

Response

Council's policy is to carry land and buildings at fair value. The framework for measuring fair value is set out in AASB 13, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Three widely used valuation techniques are the market approach, the cost approach and the income approach.

While AASB 13 does not prescribe which valuation technique to use, the Standard does require the use of the technique that maximises the use of relevant observable data and minimises the use of unobservable inputs. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Council staff considered that fair value for Market Square could be achieved using the market approach in 2021 due to its similarity to other commercial properties. However, the cost approach for the paranaple centre was considered more appropriate reflection of fair value at that time. Achieving a fair value for the paranaple centre using the market or income approach would have been less reliable at that time as market demand for the convention centre had not yet stabilised.

Q2. Reference to Note 1 (j) – "Change in accounting treatment" on Page 8 of the Annual Financial Report. I note the asset value reduction for the one building asset, as mentioned in Question 1, amounts to \$10,026,000 and request separate answers to each the following separate questions on the same subject matter:

- a) Within last year's AGM documents Council advised that this methodology was applied to Providore Place; accordingly will Council advise as to which building this reduced asset value of \$10,026,000 relates to?

Response

The building revaluation relates to lots 2 & 3 of the paranaple centre. The written down asset value decreased by \$9,066M.

- b) Will council please explain why the massive discrepancy between the indexed construction cost of \$16,595,000 and the Valuer-General's market valuation of \$6,569,000 exists?

Response

The difference in value is due to the valuation method applied. The Valuer General's valuation has been used as an approximation of market value whereas the indexed cost valuation is based on construction costs including preliminaries and design costs. The Valuer General's valuation is at a point in time, in this case as of 1 July 2021 when commercial properties were substantially impacted by the effects of COVID. Subsequent revaluations will reflect changes in property values, which in general have increased across the municipality over the past 12 months.

Q3. Reference to Note 28 – "Interest bearing liabilities" on Page 36 of the Annual Financial Report. I note the repayment of loan principal in the amount of \$1,073,000 for the 2021/22 financial year. The previous three FY's were 2020/21 was \$2,081,000 and 2019/20 a repayment of \$1,804,000 and in 2018/19 a net increase in the loan amount book value by \$6,662,000. The cost to service the interest repayment on the total loan amount is currently approximately \$900,000

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per annum (Ref. Note 14 and 42); accordingly, I request separate answers to each the following separate questions on the same subject matter:

- a) Why did council halve its principal repayment amount to \$1,073,000 compared to the comparative amount of \$2,081,000 in the previous year, when we are told the economic circumstances are improving and with over \$14,000,000 of unrestricted cash and cash equivalents (Ref. Note 19) on hand?

Response

Council took advantage of loan restructuring to retire debt. Repayments going forward are within the parameters in the long-term financial plan.

- b) Will council please confirm the allocated budget amount for loan principal repayment in the 2022/23 financial year?

Response

The allocated budget amount for principal loan repayments is \$1.1M.

- c) Is Council currently kicking the debt down the road to ensure an annual budget surplus while servicing interest is costing ratepayers around \$900,000 p.a. and will only increase going forward?

Response

No, Council is not kicking the debt down the road. Council's financial strategy 2023 – 2032 is consistent with the strategic plan for the municipality and provides for the prudent management of assets and liabilities, including debts and cash reserves. The financial strategy states that Council will consider the use of debt facilities to fund major new capital expenditure which provides benefits to ratepayers into the future. Where possible, Council will assess the term of the debt in relation to the life of the asset. The use of debt in this manner attempts to address the issue of inter-generational equity.

When considering new debt, Council will evaluate the impact of borrowing costs on the sustainability of current and future budgets and its capacity to repay the debt.

Council will utilise the Cash Flow Projections contained in the long-term financial plan to assist in the management of debt and cash reserves and ensure the best possible long term financial outcome for the organisation.

Servicing the current debt is manageable as are the principal repayments of debt as demonstrated by the long-term financial plan.

- Q4.** Reference to Note 28 – “Interest bearing liabilities” on Page 36 of the Annual Financial Report. I note the statement that “Loans as at 30 June 2022 include a variable rate loan of \$11.6M, a fixed interest loan of \$20.3M that matures in 2026 and a fixed interest loan of \$15M that matures in 2041 with a residual balance of \$6.7M.”; accordingly, I request separate answers to each the following separate questions on the same subject matter:

- a) It is unclear if the stated residual amount of \$6.7M in 2041 refers to the \$15M loan or the total loan portfolio therefore please confirm what is the total residual balance of the current loan portfolio projected to be nineteen years from now in 2041?
- b) Even if the total residual amount for the current loans in 2041 is projected to be \$6.7M then this requires some \$40.2M be paid off in 19 years so will Council confirm how this will happen with principal repayments around the \$1M per year?

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Response (a & b)

The \$6.7M relates to the \$15M existing loan which expires in 2041. Council currently has a ten year long term financial plan which includes refinancing the debt that is expiring in 2026. At the forecast rate of principal repayments, the debt balance at the conclusion of the current long term financial plan in 2032 is projected to be \$35.85M. The total loan portfolio balance in 2041 will depend on future Council decisions to increase, repay or refinance debt.

- Q5.** Reference to Note 42 – “Financial instruments (a) Accounting policy, terms and condition Page 50 of the Annual Financial Report. It states under Financial liabilities “Interest bearing loans” (28) “*Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 1.92% (2.92% in 2020/21)*”; accordingly, I request separate answers to each the following separate questions on the same subject matter:
- a) Will Council confirm if the weighted average interest rate on borrowings of 1.92% includes other loan facility costs?
 - b) If the other loan facility costs are not included then what is the value of those costs or the percentage of loan value that Council applies to ensure accurate records of total loan costs?

Response (a&b)

The weighted average interest rate on loans in 2021/22 of 1.92% is inclusive of all line and facility fees.

General questions on notice for the Annual General Meeting 2022

- Q6.** In The Advocate article “Mr Good Guy Asian restaurant and bar opens at new Novotel” dated 7th October 2022, it stated that the Novotel Hotel was hosting a “*low-key opening function*” with “*just a small gathering of some council (members).*” - will council please answer the following as separate questions on the same subject matter:
- a) Was there an actual “*opening*” on the night and if so who officially opened the hotel?
 - b) Please provide the names of the individual councillors and staff members that made up the “*...small gathering of some council (members)*” in attendance?
 - c) Were any of the “*council (members)*” in attendance provided accommodation for the night at nil or minimal room cost?

Response

There was not an opening on the night as far as Council understand. A ribbon cutting ceremony followed by drinks was held on the morning of October 8th. The ribbon was cut by representatives of the Fragrance Group and Accor Hotels. The Deputy Mayor, Cr Laycock, the General Manager and a number of staff who had been working closely with the Hotel Manager were invited and attended the ceremony which finished by approximately 11.30am. Any of those present who later dined or stayed at the hotel did so at their own cost, and not in a council capacity.

- Q7.** Following the opening of Providore Place (now named Market Square Pavilion) there were delays in the Valuer-General providing the adjusted valuation for the completed building thereby delaying the issuing of council rate notices for the full rate amount, however, has the owner of the new Novotel Hotel been paying rates during the construction period (i.e. has the owner been given a rate remission?

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Response

Council has not provided any rate remission for the property, with rates as due being paid by the owner.

Q8. At the 2021 AGM I asked if council could provide the Date for Practical Completion for the Waterfront Parkland or was "time at large" under the contract meaning the contractor contractually only had to complete the works in a reasonable time. The General Manager declined to advise a date and instead stated "we have a contract" which is correct but didn't answer the actual question; accordingly, my question almost 12 months later is will Council advise what the Date for Practical Completion for the new Waterfront Parkland is and the date the public will have unrestricted access to the whole site?

Response

The contractual arrangements between the parties in relation to the Waterfront Park project, including attainment of Practical Completion by the Contractor, are subject to assessment and certification by the independent Superintendent. Council expect sections of the parkland to be handed over when complete in stages over the coming months, as has occurred to date.

Yours sincerely



Matthew Atkins
GENERAL MANAGER