



**GLAMORGAN
SPRING BAY
COUNCIL**

SPECIAL COUNCIL MEETING AGENDA

WEDNESDAY 6 JULY 2022

Council Chambers, Triabunna

NOTICE OF MEETING

Notice is hereby given that the Mayor has called a Special Meeting of the Glamorgan Spring Bay Council to be held at the Triabunna Council Offices on Wednesday 6 July 2022, commencing at 2:00pm.

QUALIFIED PERSON CERTIFICATION

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

Dated this Friday 1 July 2022



Greg Ingham
GENERAL MANAGER

IMPORTANT INFORMATION

- As determined by Glamorgan Spring Bay Council in April 2017, all Ordinary and Special Meetings of Council are to be audio/visually recorded and streamed live.
- A recording of the meeting will be available via the link on the Glamorgan Spring Bay Council website following the meeting.

In accordance with the *Local Government Act 1993* and Regulation 33, these video/audio files will be retained by Council for at least 6 months and made available for viewing live, as well as online within 5 days of the scheduled meeting. The written minutes of a meeting, once confirmed, prevail over the video/audio recording of the meeting.

TABLE OF CONTENTS

1 OPENING OF MEETING.....	4
1.1 Acknowledgement of Country.....	4
1.2 Present and Apologies.....	4
1.3 In Attendance.....	4
1.4 Declaration of Interest or Conflict.....	4
2 PUBLIC QUESTION TIME.....	5
2.2 Questions on Notice.....	5
2.3 Questions Without Notice.....	5
3 OFFICERS' REPORT REQUIRING A DECISION.....	6
3.1 Budget Estimates and Rates Resolution 2022/23	6
3.2 2022/2023 Annual Plan.....	12
4 CLOSE	14

1 OPENING OF MEETING

The Mayor to welcome Councillors and staff and declare the meeting open at [time].

1.1 Acknowledgement of Country

The Glamorgan Spring Bay Council acknowledges the Traditional Owners of our region and recognises their continuing connection to land, waters and culture. We pay our respects to their Elders past, present and emerging.

1.2 Present and Apologies

1.3 In Attendance

1.4 Declaration of Interest or Conflict

The Mayor requests Elected Members to indicate whether they have:

1. any interest (personally or via a close associate) as defined in s.49 of the Local Government Act 1993; or

2. any conflict as described in Council's Code of Conduct for Councillors,

in any item included in the Agenda.

2 PUBLIC QUESTION TIME

Public Question Time gives any member of the public the opportunity to freely ask a question on any Council related matter.

Answers to questions will be given immediately if possible or taken “on notice” if an ‘on the spot’ answer is not available.

In accordance with the *Local Government (Meeting Procedures) Regulations 2015*, Questions on Notice must be provided at least 7 days prior to the Ordinary Meeting of Council at which a member of the public would like a question answered.

2.2 Questions on Notice

Nil.

2.3 Questions Without Notice

Glamorgan Spring Bay Council will allow questions to be provided by written notice by 12 noon the day before the Ordinary Council Meeting by either emailing general.manager@freycinet.tas.gov.au or alternatively left in the post box outside the Council Chambers located at 9 Melbourne Street, Triabunna.

3 OFFICERS' REPORT REQUIRING A DECISION

3.1 Budget Estimates and Rates Resolution 2022/23

Author: Director Corporate & Community (Elyse Blain)

Responsible Officer: General Manager (Greg Ingham)

ATTACHMENT/S

1. Annual Budget 2022-23 Financial Reports [3.1.1 - 6 pages]
2. Rates Resolution 2022-2023 [3.1.2 - 2 pages]

PURPOSE

To recommend that Council adopts the 2022/23 Budget Estimates and Rates Resolution.

BACKGROUND/OVERVIEW

Over the past 12 months, Council has continued its focus on core business and embedding resources for essential functions to enable effective operations that serve the Glamorgan Spring Bay community.

Council remains focused on following the now established Strategic Asset Management Plans and the Long-Term Financial Management Plan to ensure priorities are transparent to both staff and the community. The operational reports continue to highlight the need for Council to continue to invest further in the renewal of existing assets like roads, stormwater infrastructure and buildings and start to address the backlog of works that have accumulated over many years. Council has carefully assessed and applied the minimum amount of rates revenue increases necessary for the initial years of the forward plans that allow recovery of the financial position to a sustainable level.

Council has also identified that the Federal Assistance Funding Grants that are allocated to every council are inequitable for Glamorgan Spring Bay Council in the order of at least \$1 million per year and are pursuing avenues to rectify this with the State Grants commission.

Fortunately, the Glamorgan Spring Bay community and Council operations have weathered a second year of a Covid-19 impacted economy and Council is now in a position to repay the \$1.5 million interest free loan due in July 2023 that was in place to manage any negative Covid-19 financial shocks. Despite economic indicators such as CPI suggesting significant increases for input costs for the coming year, the 2022-23 Budget remains on track to align with the Long-Term Financial Management Plan adopted 12 months ago. This has occurred due to significant effort focusing on core business, targeting productivity improvements and prudent procurement decisions.

The key financial measures of the proposed 2022/23 Budget estimates are:

Operating Revenue	\$ 16.6 million
Operating Expenditure excl depreciation	\$ 13.9 million
Depreciation and asset write off	\$ 3.2 million

Capital expenditure	\$ 6.9 million
Estimated Underlying Operating Deficit	\$ 0.5 million
Cash Balance at 30 June 2023	\$ 3.7 million

Council has planned for \$6.9 million of capital works in 2022/23 including renewal of roads, stormwater infrastructure and replacement of aging plant and equipment.

The Glamorgan Spring Bay Council Audit Panel were presented with and endorsed the proposed 2022-23 budget at the meeting on 7 June 2022.

2022/23 BUDGET

OPERATIONAL BUDGET

The 2022-23 budget (see Attachment 1) has been set to closely align to the Long-Term Financial Management Plan that was approved by Council in 2021. This has provided the focus and direction that will see Council reach sustainability within the next 4 years. Careful management, continuous improvement and hard decisions will continue to be required to reach this position. This will see a tight cash position for the coming year, that will then ease in the following year. The Budget accommodates the Annual Plan target objectives.

The underlying financial result for Council for 2022/23 (excluding capital grants) is a net deficit of \$0.506 million which is improved from the Long-Term Financial Management Plan target for 2022/23 of \$0.718 million deficit. In addition to this, Council will have the cash necessary to make an in-full loan repayments of \$1.5 million due in July 2023.

Costs for the year have increased by \$1.1 million from the previous year budget, with most of the increase due to renegotiation of a 3 year staff Employee Agreement (to be finalised end June), and a CPI of 5.8%, nearly double the expected 3% which has impacted subcontractor availability as well as inputs of fuel, materials, utilities and insurances. Whilst depreciation is a non-cash item, its recognition is a legislated requirement and is used to fund the replacement of existing assets. Its application satisfies the necessary Tasmanian Audit Office standards.

CASH FLOW

Council's Statement of Cash Flow estimates that Council has sufficient cash on hand to meet its obligations during 2022/23. Two Marina loans in the order of \$440,000 will need to be refinanced during the course of the financial year. Historically, Council cash and cash equivalents at year end is low, aligning with end of the rates cycle however over the coming years the plan is to build these levels gradually to ensure better coverage for operational requirements with some prudent capacity to manage unexpected events or natural disasters for which currently there is no contingency. Delays in completion of grant funded Capital works has required Council to bankroll expenditure until grant milestones are completed in 2022/23, at which time grant funding will be released to replenish the cash balances.

CAPITAL WORKS

The 2022/23 Capital Works budget is \$6.9 million including \$5.5 million for grant funded projects and \$1.4 million for Council funded projects and is scheduled to increase as the cash position improves. A listing of the Capital Works program is outlined in Attachment 1. Capital works for the Budget include carry over works that were not completed in 2021/22 due to delays in access to subcontractors and designers. These delays also cause delays in receipt of funding as grant monies are tied to completion milestones. Key priorities of the capital

program are the continued renewal for unsealed and sealed roads works include projects funded through the black summer bushfire grants program.

RATES AND CHARGES

Included in the budget is an increase in total rate revenue of \$1.25 million. This increase has been managed by a small increase in the fixed fee from \$300 to \$330 that applies to all properties with the balance collected through allocation across the Office of the Valuer General Land Use Groups.

For 2022/23 Council have evaluated several alternative estimates on levying rates for the coming year. Council has utilised the Land Use Groups to consider impacts of any changes for these areas and workshopped these scenarios with elected members for guidance. The resulting rates resolution (see Attachment 2) complies with the objectives of the Long-Term Financial Management Plan and the following principles set out in S.86A(1) of the Act:

- a. Rates constitute taxation for the purposes of local government, rather than a fee for service;*
- b. The value of ratable land is an indicator of the capacity of the ratepayer in respect of that land to pay rates.*

The proposed rates resolution (see Attachment 2) includes the following changes from the previous year:

1. Industrial and Commercial properties, both vacant and non-vacant, continue to be a differential higher rate in the dollar than other ratable properties moving to 10.180 cents in the dollar per AAV from 9.700 cents in the dollar per AAV.
2. The fixed general charge has increased to \$330 from \$300 which applies to all ratable properties equally. This charge is a regressive form of taxation as it reduces the reliance on valuation-based rating and somewhat subsidises the impact on higher valued properties.
3. All other properties are paying the same rate of 5.121 cents in the dollar per AAV.

Of the scenarios modelled that Council reviewed, the proposed approach was selected for recommendation as it minimised the change as much as possible across each Land Use Group and met the objectives of the review.

In terms of other rates and charges, there is no proposed change to the Medical Levy. Waste collection charges for bins will increase by \$6 per ratable residential property to \$111 from \$105, and by \$13 per ratable commercial property to \$250 from \$237. Finally, the waste levy applied to all ratable properties will increase by \$5 to \$105.

STRATEGIC PLAN REFERENCE

Guiding Principles

5. Ensure that our current expenditure and ongoing commitments fall within our means so that rates can be maintained at a manageable and affordable level.

Key Foundations

1. Our Governance and Finance

What we plan to do

- Set realistic budgets and monitor income and expenditure closely.

STATUTORY IMPLICATIONS

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

Section 82

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

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

(3) Estimates for a financial year must –

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

BUDGET IMPLICATIONS

As outlined in the attached budget estimates:

- 2022/23 Operational Budget, including Balance Sheet and Cash Flow Forecast
- 2022/23 Capital Works Budget
- 2022/23 Loan Borrowings

RISK CONSIDERATION/S

Risk	Consequence	Likelihood	Rating	Risk Mitigation Treatment
Adopt the recommendation	Minor	Unlikely	Moderate	Regular reviews of the budget are updated through the year and reported to Council.
Economic changes result in estimates that are not materially accurate, leading to a need to revise estimates either up or down during the year.				
There may be some members of the community who do not support the proposed recommendations which could result in negative publicity for Council.	Moderate	Possible	High	Explain the rationale as to the reasons for the recommendations and ensure that adequate information is provided to the community.
Do not adopt the recommendation	Major	Likely	Extreme	Immediately workshop a revised budget for consideration at the next Council Meeting.
An alternative draft Annual Budget would need to be developed and endorsed, resulting in delayed implementation of revenue raising in the 2022/23 year and financial uncertainty.				
Ongoing substantial budget deficits leading to depleted cash reserves leads to a loss of financial sustainability.				
Not adopting could place Council in breach of various sections of the <i>Local Government Act 1993</i> and the <i>Local Regulations Act 2015</i>	Possible	Moderate	Moderate	A revised Rates Resolution and Fees and Charges should be workshopped with Council and presented to the next available Council Meeting.

OFFICER'S COMMENTS

Council is facing significant cost pressures with the availability and cost of goods and services rising sharply during the past 12 months. This budget has been developed after extensive consultation with elected members and will ensure that Council continues to deliver effective and efficient services.

To continue to provide services to the community and maintain our extensive infrastructure asset portfolio, Council must be financially sustainable. Despite a deficit forecast for the coming financial year that accommodates the increased costs anticipated, rate increases for 2022/23 have remained in line with Council's adopted Long-Term Financial Management Plan.

It is noted that there was extensive community consultation throughout the year on the current financial position of Council and proposed 2022/23 budget. This was undertaken through a variety of methods including 12 community connect sessions, publications on Council's website, short videos and other newsletters.

OFFICER'S RECOMMENDATION

That Council

1. APPROVE the Glamorgan Spring Bay Council 2022/23 Budget Estimates as set out in Attachment 1.
2. ADOPT the rates resolution as set out in Attachment 2.
3. NOTE that the Long Term Financial Management Plan modelling was reviewed during the development of the financial year 2022/2023 Budget Estimates and commits to a detailed review of the Long Term Financial Management Plan modelling ahead of finalisation of the next budget estimates in financial year 2023/2024.

3.2 2022/2023 Annual Plan

Author: General Manager (Greg Ingham)

Responsible Officer: General Manager (Greg Ingham)

ATTACHMENT/S

1. Draft Annual Plan 2022-2023 [3.2.1 - 36 pages]

PURPOSE

The purpose of this report is to submit the Glamorgan Spring Bay Council 2022/23 Annual Plan to Council for review, consideration, and adoption.

BACKGROUND/OVERVIEW

The Annual Plan is one of Council's main reporting documents and provides specific information about the services and projects Council will undertake during the financial year in order to achieve the objectives and goals outlined in the Glamorgan Spring Bay Council's 10-year Strategic Plan 2020-2029.

Key actions are set out in this Plan that will enable Council to meet Community needs and achieve the Goals of the Strategic Plan.

The Annual Plan will also include the adopted Budget Estimates for 2022/23 which are presented to Council at this meeting.

The draft 2022/23 Annual Plan was presented to Council at a Workshop held on the 7 June 2022.

STRATEGIC PLAN REFERENCE

Guiding Principles

7. Communicate and explain Council's decisions and reasons in an open and timely manner.

Key Foundations

1. Our Governance and Finance

What we plan to do

- Set realistic budgets and monitor income and expenditure closely.

STATUTORY IMPLICATIONS

Section 71 of the *Local Government Act 1993*

BUDGET IMPLICATIONS

The actions contained within the 2022/23 Annual Plan are consistent with the summary of estimates within Council's 2022/23 Budget.

RISK CONSIDERATION/S

Risk	Likelihood	Consequence	Rating	Risk Mitigation Treatment
Adopt the recommendation Risk associated with the adoption of the Annual Plan is considered minimal as the initiatives identified within the Annual Plan are consistent with Council's Strategic Plan and Council's 2022/23 budget estimates.	Minor	Possible	Low	There are no material risks associated with adopting the recommendation.
Do not adopt the recommendation An alternative or updated version of the Annual Plan would need to be developed and endorsed, resulting in delayed implementation and reporting for the 2022/23 year.	Possible	Moderate	Moderate	Prepare an alternative Annual Plan for adoption with consequent duplication of resources.

OFFICER'S COMMENTS

The Annual Plan meets Council's statutory and strategic obligations and establishes the key actions for the organisation for the 2022/23 year.

OFFICER'S RECOMMENDATION

That Council adopts the 2022/23 Annual Plan as attached to this report.

4 CLOSE

The Mayor to declare the meeting closed at [time].

CONFIRMED as a true and correct record.

Date: **Mayor Robert Young**