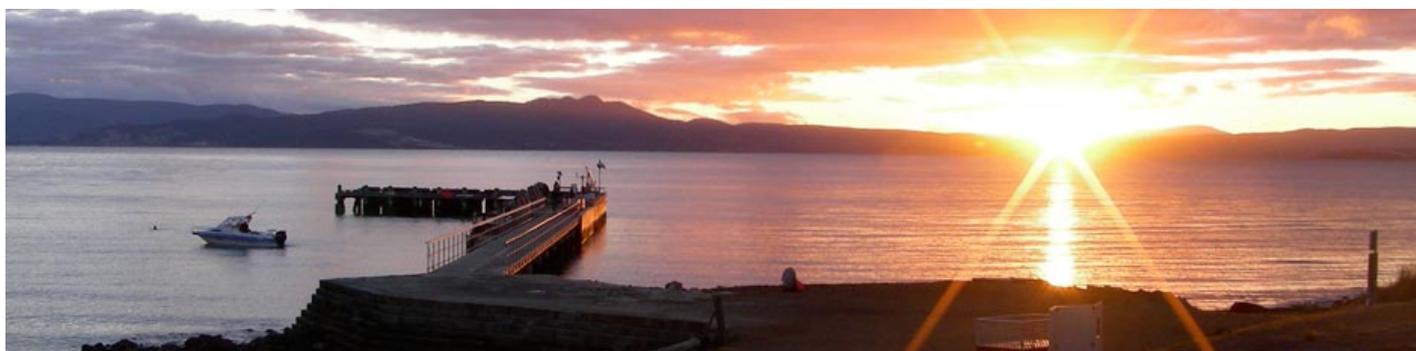




Southern Tasmanian Councils Authority

Quarterly Report to Members

June 2017



Each Joint Authority is required under Section 36B of the Local Government Act, 1993 to provide to its members a quarterly report that includes a statement of general performance and a statement of its financial performance

This report covers the three month period ending 30 June 2017. This report with all previous quarterly reports is published on the Authorities website: www.stca.tas.gov.au

The Southern Tasmanian Councils Authority commenced on 1 July 2006

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Quarterly Report to Member Councils

June 2017

REPORT SUMMARY

The Authority held an Ordinary Board Meeting on 26 June 2017. The Minister for Local Government, the Hon. Peter Gutwein MP attended the meeting by invitation.

Matters considered at the meeting included:

1. Minister for Local Government Hon Peter Gutwein MP - Briefing

The STCA sought a briefing from the Minister on the State Government's proposal for the \$60 million Accelerated Local Government Capital Program and an update on the Statewide Planning Reform process.

The Minister also referenced the \$1.8 million Hobart Traffic Congestion Project and an update on the State Government's position on River Based Transport - Derwent Ferries.

2. STCA State Election Regional Priorities

The Board sought to identify significant regional priority projects to form the basis of a submission to parties in the lead up to the next State Election.

3. South Eastern Regional Development Association Update

The Board received an update in relation to the South Eastern Regional Development Association. In summary the update highlights progress in identifying training needs appropriate to support skill shortages and future employment opportunities in the region.

4. Planning Reform Update

An update was provided to the Board in relation to planning reform. The STCA Board resolved to seek government funding support for projects that will assist member Councils in the preparation of Local Provisions Schedules.

5. South Central Sub-region and Common Services Update

The Board received and noted an update on the activities of the South Central Sub-region and Common Services.

6. Waste Strategy South Update

An update on the activities of Waste Strategy South from its meeting of the 22 May 2017 was provided, noting progress had been made in a couple of key projects. The update also sought the support of the Board to funding requests for 2017/18 and proposed amendments to the group's Terms of Reference to clarify the voting rights of members.

7. Governance and Audit Committee Update

The Board received a report from the Governance and Audit Committee following the meeting on 6 June 2017.

Matters arising out of that meeting and referred to the Board included reporting on the STCA financial position and positive budget variance to the end of April, supporting a proposal to fund the Southern Tasmanian Household Bulk Energy Project from the budget surplus, the carry forward of unspent funds

for Waste Strategy South, options for the future procurement of stationery items for the member councils and a budget strategy for the STCA given the changed operating model.

8. STCA Stationery Procurement

A report was provided into options for the future procurement of stationery items with the expiry of the current regional contract.

9. STCA Financial Position to End of April 2017

The budget position to the end of April was presented to the Board noting a \$85,395 positive variance.

The Board also considered a proposal through the STCA's Climate Change Initiative for the funding of the Southern Tasmanian Households Energy Bulk Purchase Project.

10. STCA 2017/18 Budget Strategy

The 2017/18 STCA Budget was considered by the Board and an approach to member subscription rates endorsed.

THE REPORT

1. MINISTER FOR LOCAL GOVERNMENT HON PETER GUTWEIN MP - BRIEFING

The Minister attended the meeting by invitation to provide an update on the recently announced \$60 million Accelerated Local Government Capital Program and the implementation of the Statewide Planning Reforms.

Accelerated Local Government Capital Program

The Minister noted the government has allocated \$60 million to assist Councils in bringing forward capital projects. The program provides for 0% interest loans over a five year period for projects endorsed by Councils. The funds are based on a successful application process and can be provided “up front”.

Funding can be part of a “cocktail” of State, Local and Federal assistance for major projects and the government is flexible in its considerations, including potential bundling of smaller projects.

Information on the program is available on line through Treasury and is open for applications until October 2017.

Statewide Planning Reform

The Minister noted a Bill was before the Parliament but was yet to proceed to the third reading stage. Expectations were the Bill would be through in the August session.

The Bill addresses the transitional arrangements including dealing with Codes, SAPS, (Special Area Plans) and PPZ's (Particular Purpose Zones) plus clarifying terminology for consistency across Councils.

The Minister noted the transitional arrangements for heritage properties were presenting some difficulties in terms of resourcing and workload given the number of properties and the need to prepare a Statement of Reasons. The Minister advised he would be writing to Councils noting the delays and that the heritage aspects would be progressed over time.

The Minister referred to the Visitor Accommodation Guidelines recently released. The changes will take effect statewide on 1 July 2017. There would be a self-assessment approach to building safety requirements and the fee would be capped at \$250 for a one-step permit application. Advice would be provided to General Managers shortly.

It was noted that there will be a help line available to assist policy clarification through the Justice Department site.

The Lord Mayor raised the issue of impact on the availability of rental accommodation resulting from the sharing economy and shift to visitor accommodation asking if governments could work with Councils to facilitate a scheme such as a rates/tax holiday to incentivise small investors to build rental accommodation.

The Lord Mayor spoke to the example in Cambridge (UK) where they had a City Deal which identified regions where land tax free incentive would apply for five years to create a broader rental market.

The Minister advised the government agencies and GBEs had been tasked to review their land holdings by the end of 2017 to identify surplus land that can be repurposed for housing.

2. STCA STATE ELECTION REGIONAL PRIORITIES

The draft of the STCA State Election Regional Priorities list was discussed. Additional projects for inclusion were noted as:

- Channel Highway improvement from Huntingfield to Kettering;
- Cambridge Bypass;
- Jefferys Track improvements as a substitute for the Plenty Valley Link road project.

It was agreed that the final update would be provided to member Councils and distributed to all parties and Federal Members for information.

3. SOUTH EASTERN REGIONAL DEVELOPMENT ASSOCIATION UPDATE

The South East Regional Development Association (SERDA) comprises Clarence, Sorell, Tasman and Glamorgan Spring Bay Councils.

Mayor Vincent provided a verbal update with specific reference to a project underway with KPMG identified in the Economic Development Infrastructure Study to look at a training program for jobs appropriate to the region. This would be used as part of an evidence base for the future redevelopment of the Sorell School into a Trade Training Centre, potentially a 20/30 year project.

4. PLANNING REFORM UPDATE

The Board was advised that all Councils in the Southern region have commenced preparation of their Local Provision Schedules (LPS) of the Tasmania Planning Scheme.

A Technical Reference Group (TRG) comprising planning officers from each of the Councils is coordinating a consistent approach to the preparation of the LPS. This should not be interpreted as all LPS being the same, rather a consistent approach to understanding, interpretation and preparation.

The Minister has offered \$100,000 funding to each region to assist in the preparation of the LPS.

The TRG is meeting regularly to coordinate their work and work plans and has identified the following tasks as those that require additional work and would benefit from funding support:

- preparation of further guidelines for the mapping of priority vegetation for the natural assets code;
- need for further assistance with GIS mapping;
- need for each Council to identify likely issues in mapping agricultural land then engage a consultant to work with Councils to identify criteria based on expectations and local knowledge. One outcome may be to support/justify rezoning to alternative use; and
- preparation of draft amendment to STRLUS to support LPS.

In relation to the provision of funding this is to be negotiated with the State Planning Policy Unit.

The currently advised work plan for the TRG suggests that all Councils will be in a position to submit their LPS to the TPC for consideration by March – April 2018.

The Board resolved to endorse the projects identified for funding to support the preparation of the LPS and for the TRG to seek funding for the projects from the State Government.

5. SOUTH CENTRAL SUB-REGION AND COMMON SERVICES UPDATE

The update for the South Central Sub Region was received. It was noted the project on regional workforce planning was two months behind schedule. The project is similar to that being undertaken for SERDA under a joint funding arrangement.

In relation to common services the working group is meeting to identify cost efficiencies with the information to be provided to member councils.

6. WASTE STRATEGY SOUTH UPDATE

The Board received an update on the activities of Waste Strategy South from its meeting of the 22 May 2017 noting the Committee had agreed to participate in the 2017/18 Garage Sale Trail project and progressing an MoU with the Northern Region waste authorities around a strategy for joint statewide communications.

The report also sought the support of the Board to funding requests for 2017/18 and proposed amendments to the committee's Terms of Reference to clarify the voting rights of members. The Board endorsed the funding request and agreed to the amendments to the Waste Strategy South Terms of Reference.

7. GOVERNANCE AND AUDIT COMMITTEE UPDATE

The Board received a report from the Governance and Audit Committee following its meeting of 6 June 2017. Matters referred to the Board for consideration included STCA Stationery Procurement, STCA Financials to April 2017 and the 2017/18 Budget Strategy.

8. STCA STATIONERY PROCUREMENT

The STCA has facilitated a regional procurement contract for stationery supplies on behalf of member Councils. The current contract is due to expire 30 June 2017.

Around \$400,000 is spent by participating member Councils annually. The STCA receives an annual rebate of around \$7,000 based on total yearly sales.

A review has been undertaken against alternative national suppliers, Procurement Australia and the National Procurement Network through the LGAT.

The review identified that from a value-for-money perspective there appears to be little in the comparison of the current arrangement or through accessing Procurement Australia or the National Procurement Network supplier panels via the LGAT.

Based on the new business model for the STCA operations, there being little cost benefit between maintaining the current tendering/contract arrangement or accessing the National Procurement Network through the LGAT, the STCA Board resolved not to facilitate retendering of a regional contract arrangement for stationery procurement but to recommend to member Councils to access the National Procurement Network through the LGAT.

9. STCA FINANCIAL POSITION END APRIL 2017

The Financial Statements were reviewed and endorsed.

It is noted that there was a positive budget variance of \$85,395 at the end of the period. This is reflective of the changed operation and governance arrangements introduced by the STCA part way through the financial year.

Additional costs have been incurred in funding the alternative Secretariat support role from mid February 2017.

As at 30/04/2017	Actual	Budget Year to Date	Variance	Budget Total Year
Revenue				
Council subscriptions	335,834	336,114	- 280	336,114
Stationery rebate		-		6,500
Interest on Funds		-		6,000
	335,834	336,114	- 280	348,614
Expenses				
Group Expenses (see itemised listing of programs below)				147,500.00
Wages	32,310	87,333	- 55,023	104,800
Labour On-Costs	6,443	18,458	- 12,015	22,150
Motor Vehicle expenses	4,571	9,333	- 4,762	11,200
Office rent	2,666	3,950	- 1,284	4,740
Telephone	947	600	347	720
Insurance	449	1,917	- 1,468	2,300
Conferences/Events	4,041	750	3,291	900
FBT		2,833	- 2,833	3,400
Website	2,117	4,000	- 1,883	4,800
Licences - ICT	2,980		2,980	
Postage	4		4	
Audit fees	5,100	4,500	600	5,400
Administrative expenses	1,600	15,000	- 13,400	18,000
Contractors - Business Management	5,321			
Contractor Works	4,475	-	4,475	-
Meeting expenses		1,167	- 1,167	1,400
Legal expenses		1,667	- 1,667	2,000
Stationery	104	583	- 480	700
Printing	101	833	- 732	1,000
Miscellaneous	455	833	- 379	1,000
	73,684	153,758	- 85,395	332,010
Individual Southern Waste Management Strategy				
Group				
School Education Program		20,833	- 20,833	50,000
Communications/Promotion		10,417	- 10,417	25,000
Garage Sale Trail		6,250	- 6,250	15,000
Grants/Sponsorship		4,167	- 4,167	10,000
Administration costs		4,167	- 4,167	10,000
Projects				
Agriculture Hazardous Waste Collection		3,125	- 3,125	7,500
Household Hazardous Waste Collection		3,125	- 3,125	7,500
Development of Regional Waste Group Action Plan		1,042	- 1,042	2,500
Recycling bin contamination stickers		2,083	- 2,083	5,000
Study/Report into solution for major regional waste issue		6,250	- 6,250	15,000
Carry Forwards				
Climate Change Adaptation Project	45,786			
2015-16 Unspent Grant monies carried forward	200,340			
	246,126	61,458	- 61,458	147,500
	- 508,275	182,356	85,115	16,604

A presentation was received from Katrina Graham, HCC Environmental and Climate Change Project Officer relating to STCA funding for the Southern Tasmanian Household Bulk Energy Project. The STCA had endorsed the proposal in principle at a previous meeting but sought alternative funding options rather than a further call on member Councils. The funding request was \$70,000.

It was agreed that the funding would be provided from the 2016/17 operating budget surplus.

10. 2017/18 BUDGET STRATEGY

The changed operational model for the STCA has provided for a review of the budget structure and consideration of the member subscription rates.

Key changes are:

- Reduction in wages and employee expenses;
- Simplification of the oversight arrangement based on the need to update the Service Agreement between the HCC and the STCA;
- Corresponding reduction in effort in managing Board and Committee meetings

2016/17 subscriptions included an allocation to Waste Strategy South projects (\$147,500). This funding has some recent commitments but a number of projects have not been advanced with the loss of momentum from the resignation of the STCA CEO.

The Waste Strategy South Group met on the 22 May and resolved to recommend to the STCA Board that “additional funding be sought for 17/18 to replace project funds expended in 2016/17 and the remaining unspent 2016/17 funds be carried forward.” The additional funding request is in the order of \$50,000.

Given the STCA discussion during the future directions workshop to significantly reduce the budget and therefore current subscriptions (\$186,114), the following option was endorsed:

Fund the reduced budget (\$70,000) through member subscriptions and the Waste Strategy South Group request (\$50,000) through part unallocated funds (\$149, 461).

The Board resolved to endorse the 2017/18 Budget. Refer Attachment 1.

Southern Tasmanian Councils Authority - 2017/18 Budget				
	2016/17 \$ Budget	\$ Actual end March 17	2017/18 \$ Budget	
Revenue				Notes
Council subscriptions	336,114	335,834	70,000	
Stationery rebate	6,500	0	0	decision not to renew contract
Interest on funds	6,000	0	6,000	balance plus WSS c/f amounts
Total Revenue	348,614	335,834	76,000	
Expenses				
Wages	104,800	32,310	0	not required
Labour on costs	22,150	6,443	0	not required
Motor vehicle expenses	11,200	4,571	0	not required
Office rent	4,740	2,666	0	HCC Space part of Service Agreement
Telephone	720	763	0	not required, contractor
Insurance	2,300	449	1,000	Bus Pack \$886, WC not reqd
Conference/Events	900	4,041	0	not required
FBT	3,400		0	not required
Website	4,800	2,118	4,800	new monthly agreement \$400/month
Licences - ICT		2,072	4,000	16/17 unbudgeted
Audit fees	5,400	4,850	5,400	OK
Administrative expenses	18,000	1,599	18,000	HCC Agreement \$15,549 exp 7/17 (financial and HR). New agreement to incl financial (12,146), rent (2,600), printing (500), stationery (350), meeting expenses (1,400) contractor admin (1,000)
Contractor Works		4,475	38,025	Current contractor rate 1.5 day/w @ \$65/hr (65x1.5x7.5x52) 1 day STCA, 0.5 days WSS Group
Meeting expenses	1,400	0	0	4 Board meetings, AGM, 4 G&A and WSS meetings part of service agreement
Legal expenses	2,000	0	2,000	Fund any governance changes
Stationery	700	104	0	reduced and part of service agreement
Printing	1,000		0	reduced and part of service agreement
Miscellaneous	1,000	455	500	reduced
Total Expenses	184,510	66,916	73,725	
Less Revenue			76,000	
17/18 Budget			-2,275	