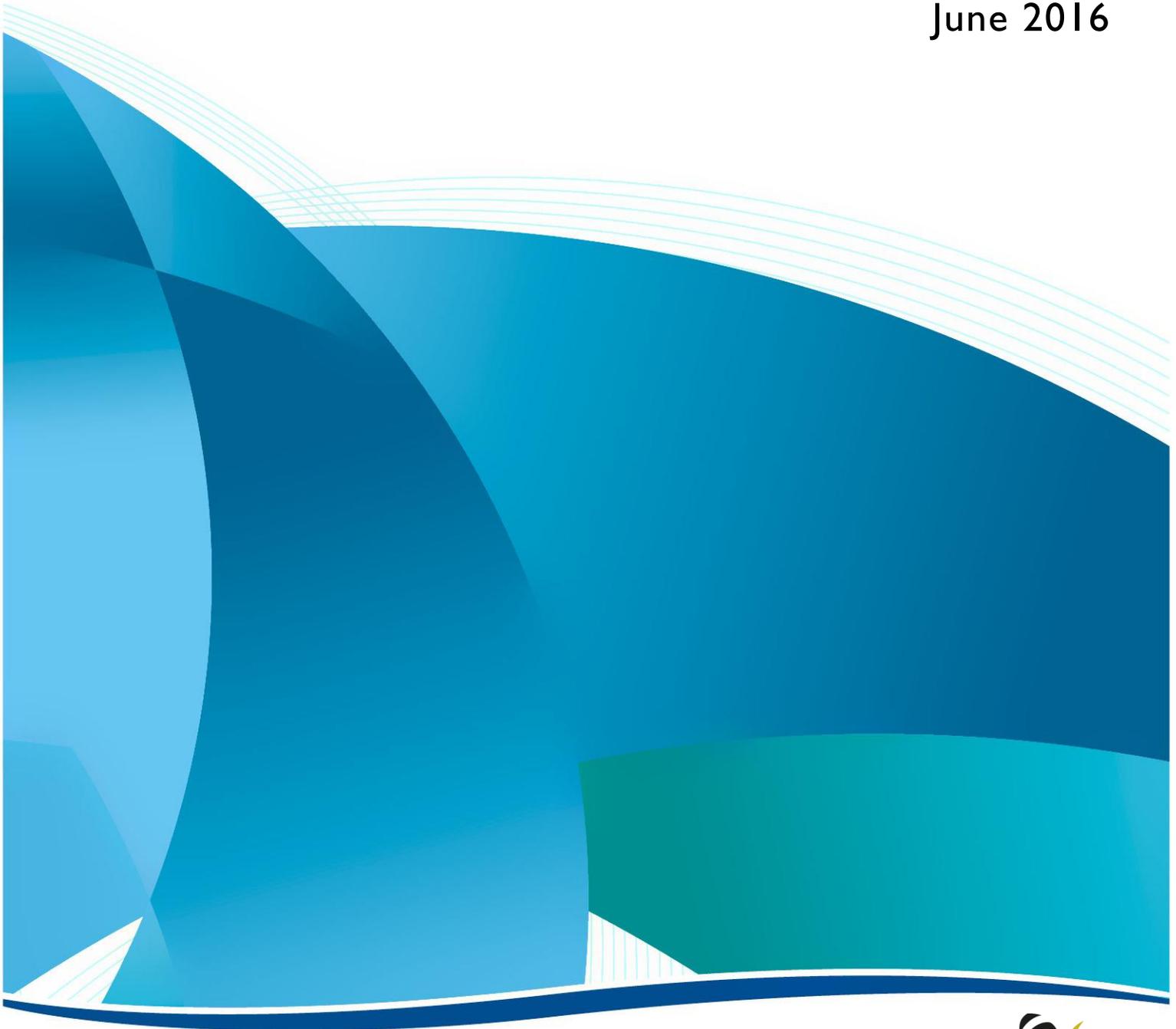


# Huon Valley Council Board of Inquiry

## Report to the Minister for Planning and Local Government

June 2016



Tasmanian  
Government

**Huon Valley Council Board of Inquiry Report to the Minister for Planning and Local Government**

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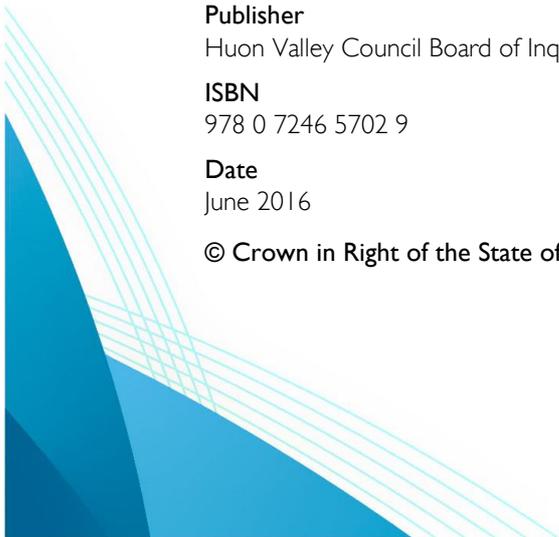
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3 June 2016

Minister for Planning and Local Government  
The Hon Peter Gutwein MP  
House of Assembly  
Parliament House HOBART 7000

Dear Minister Gutwein

### HUON VALLEY COUNCIL BOARD OF INQUIRY REPORT TO THE MINISTER FOR PLANNING AND LOCAL GOVERNMENT

Pursuant to section 224 of the *Local Government Act 1993*, the Huon Valley Council Board of Inquiry is pleased to submit its findings and recommendations to you in this report for your consideration.

Yours sincerely



Mr Michael Stevens



Ms Jill Taylor

**Huon Valley Council Board of Inquiry**

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## Executive Summary

In mid-2015, the Minister for Planning and Local Government, the Honourable Peter Gutwein MP, received a number of serious complaints from the Mayor and the majority of councillors of the Huon Valley Council, alleging breaches of the *Local Government Act 1993* (the Act). Complaints were also received by the Director of Local Government.

The complaints included allegations that significantly destructive behaviours were occurring within the Council which were impacting its ability to govern and effectively perform its roles and functions. In the complainants' views, these behaviours, if not dealt with, could lead to a completely dysfunctional council.

Given the serious and widespread nature of the complaints, on 8 September 2015 the Minister announced the establishment of a Board of Inquiry (the Board) to investigate the Huon Valley Council, in accordance with section 215(1)(b) of the Act. The membership, powers and functions of the Board are detailed in the body of this Report.

Following the establishment of the Board, the Minister received a significant number of requests from ratepayers in the Huon Valley municipality to allow them to make submissions to the Inquiry. The Minister acceded to these requests and the Terms of Reference were altered to enable the Board to receive public submissions.

The Board advertised for public submissions in *The Mercury* newspaper and the *Huon Valley News* on 23 September 2015. The closing date for submissions was 9 October 2015 and 80 submissions were received from councillors, council staff and members of the public.

In order to enable all parties to respond to complaints made about them, the Board wrote to members of the Council and relevant council staff with a summary of issues and/or relevant complaints, including supporting information where appropriate. The Board invited them to provide written responses within the timeframes set by the Board.

To fully explore all aspects of the complaints, including the effect on Council governance for the remainder of its four-year term, the Board conducted targeted interviews in Huonville and Hobart between 23 November and 17 December 2015.

The Board interviewed all councillors with the exception of Councillor MacKintosh who didn't commence until September 2015, senior council staff and a number of those members of the public who had provided written submissions.

Despite the volume and complexity of issues raised with the Board, a number of clear themes emerged:

- *Critical relationships* – between the Mayor and the General Manager (GM); Mayor and councillors; amongst a group of like-minded councillors; and councillors and staff.
- *Cultural and behavioural concerns* – including conduct, transparency and accountability;
- *Policy and process issues* – both internal to the Council and in dealings with third parties; and
- *Specific issues* – the management of council projects, initiatives or community assets.

The Board has framed its Report around these four key groupings, with individual issues discussed under each theme. Findings and recommendations are included in context under each theme, and are collated in Sections 6 and 7 of the Report.

It should be noted that the vast majority of issues raised were within the Board's Terms of Reference. However, as would be expected with an Inquiry of this nature, there were some issues that were beyond the scope of the Inquiry. These were largely either historical complaints

unrelated to the current Council, or grievances specific to an individual that were not indicative of systemic failure.

The Board has made no findings or recommendations on these issues and referred them to the appropriate authority where relevant. These referrals are contained in the body of the Report.

Before dealing with the major recommendations, the Board would like to acknowledge the thoroughness and effort put into each submission received, and to record its view that all those who made submissions appear to have been motivated by the desire to make things better and to have a Council that can deliver a bright future for the Huon Valley.

The Board would like to specifically commend the Mayor and all councillors and senior staff who were interviewed, for their candour, assistance and strongly-held desire to maximise the effectiveness of the Council. No witness refused to answer any questions or failed to provide information sought by the Board.

However, notwithstanding this, it is the Board's role to provide the Minister with its findings and recommendations that, in its view, will enable the Council to move forward without continued or escalating dysfunction.

The major finding of the Board is that the current unworkable relationship between the Mayor and the GM, between the Mayor and certain councillors, and between certain councillors, is highly irregular and renders the Council dysfunctional. In the Board's view, the irregularity of this conduct has seriously affected the operation of the Council. Not only are its governance arrangements dysfunctional, but this is beginning to affect the long-term performance of the Council and appears to be impacting on the health and well-being of the parties. It is the Board's view that this situation will undoubtedly get worse without immediate intervention.

With this in mind, the Board recommends that, pursuant to section 226(1)(b) of the Act, the Minister recommend that the Governor by order dismiss the councillors and appoint a Commissioner under section 231 of the Act for a period of no less than 12 months. The Board recommends that fresh elections be held at the expiration of the time period that the Minister determines.

The main reason for the Board's recommendation is the complete breakdown of the key relationships within the Council, starting with arguably the most important relationship – that of the Mayor and the General Manager. There is a complete lack of trust between the two parties, who appear unable to resolve small issues, let alone issues of significance. This complete lack of trust and inability to resolve issues is also evident in relationships between certain councillors; and between certain councillors and the Mayor.

It is instructive to note that the Board asked all of the elected members that were interviewed how they thought the relationship problems could be resolved.

Every councillor, including the Mayor, was of the view that the current situation was untenable, that it was resulting in dysfunction and that significant intervention was required and quickly. Overwhelmingly, the councillors believed that the situation had gone too far for any form of intervention by way of mediation, counselling or goal setting to have any chance of success and that the only solution was fresh elections in one form or another.

The Board is aware of the significance of this recommendation and its effect on the Council and the people of the Huon Valley.

In addition, it is evident that no party accepts responsibility for their part in the dysfunction, and in the Board's view there was no compelling evidence to suggest the breakdown between parties was primarily caused by one party over the other.

It is the Board's view that all parties should accept equal responsibility. The Board notes that under section 226(1) no statutory powers exist for the Minister to dismiss a council's general manager as exists for all councillors and that this should be referred to the review of the Act.

The Board provides alternative recommendations should the decision be made not to dismiss councillors under section 226(1)(b) of the Act. These alternative recommendations contain a number of prerequisites which in the Board's view must be satisfied should this option be exercised, namely that, pursuant to section 225(2) of the Act, the Minister should direct the Council to:

- arrange mediation and formal conflict resolution with regard to the key relationships between the Council, Mayor and GM;
- publicly commit to support and participate in these processes in good faith;
- develop a *Statement of Expectations* to govern the relationship between the GM and Mayor, under the direction of the Director of Local Government;
- request that the Director of Local Government develop a set of indicators against which to assess whether key council relationships are functional;
- take such steps as are necessary to ensure that the Council meets those indicators within six months; and
- arrange for its performance against the indicators to be reviewed by the Director of Local Government and reported to the Minister every three months, for the life of the current Council.

The Board further recommends that if the key indicators are not met within six months, the Minister dismiss the Council and appoint a Commissioner to perform the functions of the Council until the next scheduled council elections (October 2018).

Although the Board found no evidence of corruption or major malfeasance, it holds the view that the Council does need to be more transparent in its reasons for decisions, and make such information easily available to the public.

This Report contains a number of recommendations that are applicable to the Council and could be implemented immediately, irrespective of whether fresh elections are called or the current Council remains. These are provided in context throughout the report, and are collated in Section 7 of this Report.

We would like to place on the public record our appreciation for the dedication and professional support provided to the Board by Andrei Norris, Sakura Franz and Rachel Nielsen from the Local Government Division in the Department of Premier and Cabinet. The task would simply have been impossible without their commitment. Other Divisional staff also contributed at different times; their support is also appreciated.

The Board would like to express to the Minister its belief that Huon Valley has a bright future once the current difficulties are resolved. The Board would like to wish residents, their elected members and council staff all the best for their future endeavours.

## Major findings

The Board finds that:

- F1. The current unworkable relationship between the Mayor and the General Manager, between the Mayor and certain councillors and between certain councillors is highly irregular and renders the Council dysfunctional.
- F2. This irregular conduct has seriously affected the Council's operations. The dysfunction in its governance arrangements is impacting on the health and well-being of these parties and is beginning to affect the long-term performance of the Council.
- F3. Without immediate intervention, the impact of the dysfunctional behaviour on the Council's operations will undoubtedly get worse.
- F4. All parties should accept equal responsibility for the dysfunction. However, while the Minister has the power under section 226(1) of the Act to dismiss all councillors, including a mayor, there is no mechanism in the Act for the Minister to dismiss a council's general manager.

## Major recommendations

The Board recommends that

- R1. Pursuant to section 226(1)(b) of the Act, the Minister should recommend that the Governor by order dismiss the councillors and appoint a Commissioner under section 231 of the Act to perform the functions of the Council.
- R2. A new election is not called for a minimum period of 12 months.
- R3. The question of whether the Minister should have the power to dismiss a council's general manager should be referred to the review of the *Local Government Act 1993*.

## Alternative recommendations

Should the Minister decide not to exercise his power to dismiss the councillors under section 226(1)(b) of the Act, then:

- R4. Pursuant to section 225(2) of the Act, the Minister should direct the Council to:
  - (a) arrange mediation and formal conflict resolution with regard to the key relationships between the Council, Mayor and General Manager (GM);
  - (b) publicly commit to support and participate in these processes in good faith;
  - (c) develop a *Statement Of Expectations* to govern the relationship between the GM and Mayor, under the direction of the Director of Local Government;
  - (d) request that the Director of Local Government develop a set of indicators against which to assess whether key council relationships are functional;
  - (e) take such steps as are necessary to ensure that the Council meets the indicators developed under R4(d) within six months, as assessed under R4(f); and
  - (f) arrange for its performance against the indicators to be reviewed and assessed by the Director of Local Government and reported to the Minister every three months, for the life of the current Council.
- R5. If the Council fails to comply with any of recommendations R4(a)-(c) within six months, or fails to meet key indicators referred to in R4(d)-(f), then, pursuant to section 226(2) of the Act, the Minister should recommend that the Governor by order dismiss the councillors and appoint a Commissioner under section 231 of the Act to perform the functions of the Council until the next scheduled council elections (October 2018).

## Additional recommendation

Irrespective of whether a Commissioner is appointed or the current Council remains, the Board recommends that:

- R6. Where appropriate, the additional recommendations contained within this Report are implemented.

# I. Background

On 8 September 2015, the Minister for Planning and Local Government, the Hon Peter Gutwein MP, announced the establishment of a Board of Inquiry (the Board) under section 215(1)(b) of the *Local Government Act 1993* (the Act) to investigate the Huon Valley Council.

The Minister's announcement followed the receipt of a series of complaints about the conduct of members of the Council and senior staff to the Minister and the Director of Local Government. The Minister was of the view that the issues raised in the complaints may compromise the good governance of the Council, and impact its ability to effectively perform its roles and functions.

## I.1. Establishment of the Board of Inquiry

The Board was established in response to:

- complaints by councillors against the Mayor, alleging non-compliance with the mayoral functions under the Act;
- complaints by ratepayers against councillors, raising code of conduct and financial governance issues;
- complaints by the Mayor against the General Manager (GM) relating to failure to fulfil functions;
- complaints by the GM against the Mayor about non-compliance with the Act and other issues; and
- complaints by the Mayor and another councillor against the Council, raising governance and operational issues.

The powers and functions of the Board are set out in Part 13, Division 1 of the Act.

The role of the Board was to inquire into and make findings and recommendations with regard to a range of functional and governance issues and in response to formal complaints that were received concerning the Huon Valley Council. Elements of the Inquiry included (but were not limited to):

- representation and promotion of decisions and policies of the Council;
- timeliness and quality of advice provided to the Council;
- asset management;
- the health and safety impact of demands placed on the GM by the Mayor;
- financial policies and practices;
- compliance of elected representatives with the Code of Conduct; and
- governance arrangements and practices.

The full [Terms of Reference](#) are provided at Appendix I.

## I.2. Membership of the Board of Inquiry

The members of the Board are Mr Michael Stevens and Ms Jill Taylor, with secretariat support from the Local Government Division of the Department of Premier and Cabinet.

- **Mr Michael Stevens** has previously held a number of senior executive positions in the Tasmanian State Service, including Deputy Secretary of the Departments of Premier and Cabinet and Justice, and Commissioner for Public Employment.
- **Ms Jill Taylor** acts as a Chairperson and member of the Local Government Association of Tasmania Standards Panel. She is a former member of the Legal Profession Tribunal and former independent Probity Auditor.

## 1.3. Inquiry process and timeframe

### 1.3.1. Public submissions to the Inquiry

On 23 September 2015, the Board advertised for public submissions in *The Mercury* newspaper and the *Huon Valley News* with a closing date of 9 October 2015.

A total of 80 submissions were received from councillors, council staff and members of the community, including a number of detailed submissions.

### 1.3.2. Responses to issues and complaints

The Board wrote to relevant councillors and senior staff with a summary of the issues or complaints made against them, including supporting information where appropriate, with an invitation to provide a written response to the allegations. Respondents were given two weeks to provide their responses. Following several requests for additional time, the Board extended this response period by five days.

### 1.3.3. Targeted interviews

The Board conducted 25 targeted interviews between 23 November and 17 December. Interviews were held in Huonville and Hobart.

The people interviewed included complainants, all councillors serving during the period covered by the Inquiry, senior council staff and other affected persons as determined by the Board.

### 1.3.4. Timeframe for the Inquiry

The Board was initially tasked with reporting to the Minister with its findings and recommendations by 30 November 2015. However, this timeframe was subsequently extended on two occasions due to the volume and complexity of submissions received, and the timing of the interview process. The final reporting date was 19 February 2016.

A copy of the summary of the Inquiry process which was published online can be found at Appendix 2.

As required under section 225 of the Act, the confidential report was provided by the Minister to the Council and councillors (including the Mayor) affected by the report, inviting further submissions. A copy of the confidential report and an invitation to comment was also extended to the General Manager.

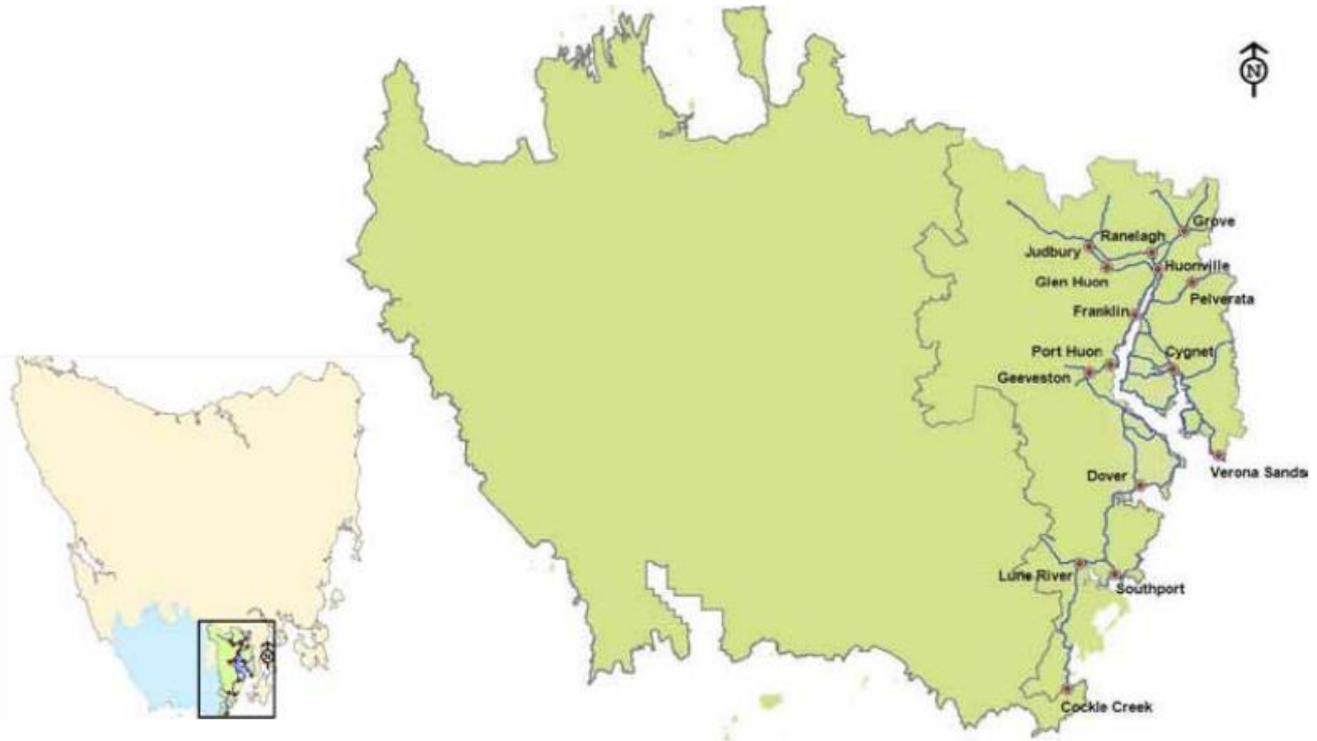
The Minister directed the Board to reconsider the Report, in accordance with section 224(2) of the Act. A small number of amendments were made to the Report, and the revised report was provided to the Minister on 6 May 2016.

## 2. Overview of the Council and region

### 2.1. History of the Municipality

The Huon Valley Municipality was declared a municipal area in 1993 when the Municipalities of Esperance, Huon and Port Cygnet were amalgamated and the Huon Valley Council was formed.

The Municipality has eight townships and numerous rural suburbs. The eight towns are (clockwise from top left) Glen Huon, Huonville, Cygnet, Southport, Dover, Geeveston, Port Huon and Franklin.



The Huon Valley Council Annual Report 2014-15 provides the following information about the Council.

### 2.2. Demography

Area	5,497 km <sup>2</sup>
Major industries	aquaculture, fishing, agriculture, forestry, tourism
Population	
Persons aged <14 years	3,149
Persons aged 15-34	3,191
Persons aged 35-64	7,041
Persons aged 65 years +	2,639
Median age	43 years
Median total household income	\$826/week (ABS 2014)
Main population areas	Huonville, Cygnet, Dover, Franklin, Geeveston
Electors	11,779 (as at September 2014)
Rateable properties	10,426
Rate of population growth	7% (31 March 2015)
State electorate	Franklin

## 2.3. About Huon Valley Council

### 2.3.1. The Council

The Huon Valley Council is made up of nine councillors, including a Mayor and a Deputy Mayor.

Mayor	Peter Coad
Deputy Mayor	Ian Paul
Councillors	Lydia Eastley, Bruce Heron, Pavel Ruzicka, Liz Smith, Ken Studley and Mike Wilson, Rosalie Woodruff (to August 2015), Ian MacKintosh (from September 2015).

The most recent election of councillors was held over a two-week period from 14 to 28 October 2014. Monthly council meetings are open to members of the public. The Council operates an internal committee and portfolio system which is unique in the Tasmanian local government environment. Under this system, councillors are allocated portfolios, which align to the Council's Strategic Plan and various program areas.

### 2.3.2. Portfolios

The Council has established 18 portfolio areas with each councillor allocated two portfolios through the Council's allocation system, as detailed in Appendix 3. The current portfolio areas are listed below and include an interim arrangement for two portfolios after Councillor Rosalie Woodruff's resignation in 2015.

- Aged Care and Housing
- Children's Services and Education
- Community and Cultural Development
- Community Relations and Customer Service
- Development Services
- Economic Development
- Emergency Management and Community Safety
- Environmental Management
- Finance and Risk
- Information Technology
- Parks and Property Management
- Recreation
- Rural Health
- Stormwater
- Transportation
- Tourism Promotion
- Waste Management
- Youth Services

### 2.3.3. Council Committees

Huon Valley Council Committees, detailed at Appendix 4, comprise:

- Advisory committees (11) – program-area focused, these committees are chaired by the relevant council portfolio holder and include community members or representatives of identified bodies.
- Facility management committees (12) – consist solely of community members, with Terms of Reference and annual financial allocation provided by the Council.
- Council committees (2) – established by the Council and comprising councillors, these committees are not open to the public.
- Informal committees (2).
- An Audit Panel – comprising two independent members (including Chair) and two elected members.

### 2.3.4. Huon Valley Council Commitment

The Huon Valley Council's Annual Report 2014-15 outlines the Council's commitment to its community, (refer Appendix 5). The Council's commitment includes:

- dealing in an open, fair, honest and respectful manner;
- embracing diversity and new ideas;
- pursuing and supporting community cohesion, a sense of wellbeing and shared values; and
- placing customers and community at the centre of the Council service system to reflect genuine community collaboration.

### 3. Good governance

In its Terms of Reference, the Board was tasked to inquire into and make findings and recommendations on a number of specific matters and the governance arrangements and practices of the Huon Valley Council (refer to Appendix 1).

In addressing these Terms of Reference, the starting point for the Board was to consider what 'good governance' looks like for councils. A range of materials are available to provide guidance on this issue<sup>1</sup>, including the soon to be released *Good Governance Guide for Local Government in Tasmania*<sup>2</sup>, prepared by the Local Government Division (LGD) of the Department of Premier and Cabinet (DPAC) in consultation with the Local Government Association of Tasmania (LGAT). This document provides a high-level overview of what good governance looks like and the key characteristics that underpin it.

It is therefore instructive to briefly describe good governance before discussing the Board's observations, findings and recommendations. Below is an extract from the *Good Governance Guide for Local Government in Tasmania*, provided with LGD's permission.

#### WHAT IS GOOD GOVERNANCE?

Governance is the processes and culture that guide the activities of an organisation beyond its basic legal obligations.

Good governance in local government is when elected members:

- act with the highest ethical standards;
- understand their role and the role of others;
- foster trusting and respectful relationships;
- show a commitment to risk management;
- engage in effective strategic planning;
- follow a transparent and accountable decision making process;
- make good decisions that promote the interests of the community they serve;
- understand and abide by the law;
- commit to continuous improvement; and
- have good judgement.

Good governance is important because it supports councils to make decisions and to act in the best interests of the community

#### WHAT ARE THE MAIN CHARACTERISTICS OF GOOD GOVERNANCE?

Good governance has eight major characteristics<sup>3</sup>:

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<sup>1</sup> For example, the *Councillor Handbook*, published by the New South Wales Division of Local Government (in cooperation with the Local Government Association of NSW and the Shires Association of NSW), September 2012; *Good Governance Guide*, Local Government Association of Victoria, LG Pro, Municipal Association of Victoria & Department of Planning and Community Development Victoria, available online at: [www.goodgovernance.org.au/](http://www.goodgovernance.org.au/)

<sup>2</sup> *Good Governance Guide for Local Government in Tasmania*, Department of Premier and Cabinet, October 2015.

<sup>3</sup> This content has been reproduced with permission from the *Good Governance Guide* © MAV, VLGA, LGV & LGPro 2012.

#### (a) Good governance is accountable

Accountability is a fundamental requirement of good governance. Local government has an obligation to report, to explain and to be answerable for the consequences of decisions it has made on behalf of the community it represents and serves.

#### (b) Good governance is transparent

People should be able to follow and understand the decision making process. This means that they are able to clearly see how and why a decision was made – what information, advice and consultation a council considered, and which legislative requirements (when relevant) a council followed.

#### (c) Good governance is law-abiding

Decisions must be consistent with relevant legislation or common law, and be within the powers of local government. In Tasmania, the principal legislation for local government is the *Local Government Act 1993* (the Act).

There are two sets of regulations relating to the Act which you should consult: the *Local Government (General) Regulations 2015* and the *Local Government (Meeting Procedures) Regulations 2015*. The section on Legislative Compliance provides details of other relevant legislation.

#### (d) Good governance is responsive

Local government should always try to represent and serve the needs of the entire community while balancing competing interests in a timely, appropriate and responsive manner.

#### (e) Good governance is equitable

A community's wellbeing depends on all of its members feeling that their interests have been considered by their council in the decision making process. All groups, particularly the most vulnerable, should have opportunities to participate in the decision making process, and all groups should be treated equally by their council. Good governance is participatory and inclusive

Anyone affected by, or interested in, a decision should have the opportunity to participate in the process for making that decision. Participation can happen in several ways – community members may be provided with information, asked for their opinion, given the opportunity to make recommendations or, in some cases, be part of the actual decision making process.

#### (f) Good governance is participatory and inclusive

Anyone affected by, or interest in, a decision should have the opportunity to participate in the process for making that decision. Participation can happen in several ways – community members may be provided with information, asked for their opinion, given the opportunity to make recommendations or, in some cases, be part of the actual decision making process.

#### (g) Good governance is effective and efficient

Local government should implement decisions and follow processes that make the best use of the available people, resources and time, to ensure the best possible results for their community.

#### (h) Good governance is consensus oriented

Wherever possible, good governance involves taking into account the different views and interests in a municipality to reach a majority position on what is in the best interests of the whole community, and how it can be achieved.'

These characteristics provide a high-level framework against which the general health of the Council can be compared. At the same time, specific characteristics are referenced in the report where directly relevant to issues under consideration.

## 4. Key issues and observations

A large volume of complaints were received through the submission process. This included a considerable number of allegations exchanged between the Mayor, councillors and the GM and complaints from members of the public about the behaviour of councillors and the operational and executive functions of the Council. The Board also received substantial documentation in response to those complaints. Combined, this informed the interview process, where issues were explored and tested, and further information was provided to the Board.

The vast majority of issues raised were within the Board's Terms of Reference (refer to Appendix 1). However, as would be expected with an Inquiry of this nature, there were some issues that were beyond the scope of the Inquiry. These were largely either historical complaints unrelated to the current Council or issues of an individual nature where there was no evidence to suggest there were demonstrated inappropriate governance practices of the Council. The Board makes no findings or recommendations on these issues. The Board also received a large number of allegations that were not substantiated by any evidence and it was therefore not able to investigate.

In addition to issues raised by the public, the Board was also tasked to consider the Council's financial sustainability and the management of its assets. These are considered in Sections 4.3.9 and 4.3.10 of this Report, with a range of financial and sustainability measures detailed in Appendix 6 and Appendix 7.

Despite the volume and complexity of issues raised with the Board, a number of clear themes have emerged:

- *Critical relationships* – between the Mayor and GM; Mayor and councillors; amongst a group of like-minded councillors; and councillors and staff.
- *Cultural and behavioural concerns* – including transparency, accountability and council conduct;
- *Policy and process issues* – both internal to the Council and in dealings with third parties; and
- *Specific issues* – the management of council projects, initiatives or community assets.

The Board has framed its report around these four key groupings with individual issues discussed under each heading. Findings and recommendations are included in each section. These lead into the Board's conclusion which is set out in Section 5 of this Report.

## 4.1. Critical Relationships

A consistent theme in all of the materials reviewed by the Board on good governance was the fundamental importance of good working relationships to the effective and proper functioning of councils.

For example, according to LGD's *Good Governance Guide*<sup>4</sup>:

*'Good relationships support good governance by promoting efficiency, inclusiveness, and consensus orientation.*

*Having good relationships does not mean that everyone has to be good friends. What it means is that there is mutual trust and respect among colleagues. Trust and respect among elected members ensures that everyone is heard, that there is robust discussion as part of the decision making process and that conflict is resolved swiftly and fairly.*

*Good communication that is underpinned by trust and respect will build a strong team and promote a focus on achieving strategic goals and pursuing the best interests of the community. This in turn builds the reputation of the council among the community as a cohesive and professional organisation deserving of respect.'*

The importance of positive relationships is even more acute in councils where, unlike other tiers of government, party or Cabinet systems do not operate to impose internal discipline on the behaviours of councillors.

The need for healthy relationships within a council is evident at a number of levels, including:

- *The relationship between the mayor and the GM* – This is the most important relationship in a council and is crucial to it functioning effectively. The relationship can have a major impact – good or bad – on a council's performance. Trust and respect are fundamental to the relationship, which should be built on:
  - mutual understanding of each other's roles;
  - collaborative engagement; and
  - open and transparent communication and information sharing.
- *The relationship between the mayor and councillors* – This relationship is vital to good governance because through good leadership and positive relationships, all councillors can work together in the interests of the community. While the mayor plays a key leadership role in facilitating this relationship, it also relies greatly on the mayor being empowered by councillors to perform his/her role.
- *The relationship between councillors and staff* – This is one of the more complex relationships in local government and is critical to achieving good governance. A number of factors contribute to a good relationship between the council and the administration, including goodwill, understanding of roles, communication, protocols and a good understanding of legislative requirements.

*"Having good relationships does not mean that everyone has to be good friends. What it means is that there is mutual trust and respect among colleagues."*

*Good Governance Guide for Local Governments in Tasmania*

If conduct amongst these parties leads to serious dysfunction of council operations from a governance perspective, this can have a significant and long-lasting detrimental effect on the performance of a council.

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<sup>4</sup> *Good Governance Guide for Local Government in Tasmania*, page 39.

#### 4.1.1. Mayor and General Manager

##### Issues

The Mayor and the GM did not establish a sound working relationship from the outset, following the October 2014 council elections. This situation became worse over the period until the Minister announced the Inquiry into the Huon Valley Council. Among issues leading to this decision were:

- allegations from the Mayor that the GM acted complicitly with certain members of the Council, thus affecting the level and quality of support provided by the GM to the Mayor;
- allegations from a number of councillors referred to as the 'Heart of the Huon' who claimed the Mayor was not complying with his legislative responsibilities; and
- allegations from the GM that the Mayor was operating outside of mayoral roles and functions under the Act, and placing unreasonable demands on the GM and council staff.

Many submissions received by the Board raised concerns about aspects of this relationship, including the lack of trust between the two parties, which led to their inability to communicate effectively. The negative impact of this strained relationship affected the ability of the Council to fulfil both its strategic and operational functions.

##### Observations

###### *Roles and functions of the Mayor and the GM*

Section 27 of the Act defines the role of mayors as follows:

- (aa) to act as a leader of the community of the municipal area; and*
- (a) to act as chairperson of the council; and*
- (b) to act as the spokesperson of the council; and*
- (ba) to liaise with the general manager on the activities of the council and the performance of its functions and exercise of its powers; and*
- (c) to oversee the councillors in the performance of their functions and in the exercise of their powers.*

Section 62 of the Act describes the function and powers of general managers as follows:

- (1) The general manager has the following functions:*

- (a) to implement the policies, plans and programs of the council;*
- (b) to implement the decisions of the council;*
- (c) to be responsible for the day-to-day operations and affairs of the council;*
- (d) to provide advice and reports to the council on the exercise and performance of its powers and functions and any other matter requested by the council;*
- (e) to assist the council in the preparation of the strategic plan, annual plan, annual report and assessment of the council's performance against the plans;*
- (f) to coordinate proposals for the development of objectives, policies and programs for the consideration of the council;*
- (g) to liaise with the mayor on the affairs of the council and the performance of its functions;*

*"... to be effective, the relationship [between a mayor and general manager] must be built on respect, trust, integrity, open and regular communication and consultation, flexibility and commitment."*

(h) to manage the resources and assets of the council;

(i) to perform any other function the council decides.

(2) The general manager may do anything necessary or convenient to perform his or her functions under this or any other Act.

Clearly there is a requirement that both the Mayor and the GM liaise with each other on '*...the activities/affairs of the council and the performance of its functions...*' (sections 27(1)(ba) and 62(1)(g) of the Act). For this to be effective, the relationship must be built on respect, trust, integrity, open and regular communication and consultation, flexibility and commitment. The evidence in this Report demonstrates that virtually none of these characteristics have been present in the interactions between the two parties. Their conduct has seriously impacted on virtually every aspect of their relationship and has affected their ability to perform their proper functions.

#### *Initial period of the Mayor/GM relationship*

Mr Peter Coad was elected as Mayor of the Huon Valley Council at the local government elections held in October 2014. This was the first time that mayors in Tasmania were elected for a four-year term. The Council's GM, Ms Simone Watson, was appointed to her role in late 2013 for a five-year term. She had acted in this position for a short time prior to her appointment. These appointments effectively represent the first time that both the Mayor and the GM had held leadership positions at this level. The Board found that a lack of mandatory training in their respective offices may well have contributed to the situation initially. However, it is the Board's view that at no time during the period in question was any genuine attempt initiated by either party to rectify the stalemate that had developed.

As it became clear that issues could not be resolved 'in-house', by June 2015 the relationship between the two had deteriorated to the extent that the Mayor wrote to the Minister and the Premier requesting a meeting. He met with the Minister on 16 June 2015 and advised him that it was his view that his role as Mayor was untenable, owing to the behaviour of a group of councillors he refers to as the 'Heart of the Huon' (Councillors Paul, Wilson, Studley, Ruzicka and Heron) continually bloc voting against him. He also noted a lack of support from the GM who he claimed was aligned to the Heart of the Huon councillors.

In mid-June, the Director of Local Government, Mr Phillip Hoysted, met with a number of councillors regarding concerns they had about the Mayor's performance. Following this meeting, the councillors referred to as the Heart of the Huon wrote to the Minister in early July regarding their perception that the Mayor was not complying with his legal obligations, and was misrepresenting the Council to the media both in writing and in interviews, by making comments that represented his personal views but were being portrayed as the Council's views to others.

On 17 August 2015, the GM wrote to the Mayor making a formal complaint against him about making unreasonable demands of her and interfering in her role as GM. She substantiated the complaint with a number of examples of specific incidents. The matter was heard by the Council's Governance Committee later that day, on 17 August 2015. The Mayor and the GM were asked to leave the meeting while the matter was discussed. At this meeting, it was resolved that a third party be present in all meetings between the Mayor and the GM until the matters raised could be further examined. Complaints made by the GM were subsequently passed to the Board for examination, details of which are included in this Report.

The Minister had also written to the Mayor in August, suggesting that he make contact with the Director of Local Government to deal with what appeared to be governance issues. The Director of Local Government met with the Mayor and Councillor Smith on 27 August 2015, where the Mayor outlined his concerns. These concerns included his belief that the GM was not performing elements of her role and functions as prescribed under the Act, in particular that she was not providing appropriate support to the Mayor.

Given these events and the severity and widespread nature of the complaints, the Minister concluded that the Huon Valley Council was deeply divided and may soon become dysfunctional, and on 7 September 2015, in accordance with section 215 of the Act, appointed a Board of Inquiry to undertake a review as outlined by its Terms of Reference (refer to Appendix 1).

The Board met with both the Mayor and the GM on two occasions, once before other councillors were interviewed and at the conclusion of all interviews. With the permission of the Mayor and the GM, both interviews were recorded.

The Board noted that the relationship between the Mayor and the GM did not get off to a positive start, beginning at their first meeting following the election. At

this meeting, the Deputy Mayor, Councillor Ian Paul, was present. As Councillor Paul had opposing views to the Mayor, made known during recent election campaigns, the Mayor considered his presence as inappropriate as it detracted from the opportunity for an open and honest conversation with the GM. Conversely, the GM indicated that Deputy Mayor Paul was present because of his long service as a councillor and that he would be able to assist in the induction of the new Mayor.

The Mayor told the Board that he spent about three months going into the council office nearly every day. When questioned about this, the Mayor said that during this period he was reading up on documentation and meeting with constituents. He made no attempt to meet with the GM or senior staff but did notice other councillors visiting the office and talking to the GM and senior staff. When asked about this by the Board, the GM agreed that she did not go out of her way to see if the Mayor had any requirements or questions.

Since the Board was established, the GM has claimed that the Mayor's unreasonable demands continued and, in fact, that he treated her as his 'personal assistant', requesting that she maintain his diary and reply to invitations on his behalf. The GM was also critical of the Mayor contacting her whilst she was on annual leave as on these occasions there was an acting GM.

The GM stated that on one occasion the Mayor wanted to call a Special General Meeting with four days' notice. Whilst this is not inconsistent with the Act, the Board supports the view that the Mayor should have liaised with the GM to discuss whether this was achievable.

The GM expressed concern that the Mayor continually undermined her performance in public making statements such as *"the GM had problems with it"*. Other similar examples were provided by the GM, including making statements at a council meeting that advice provided by the GM *"was incorrect"*. When interviewed by the Board, the Mayor denied that it was his intent to undermine the GM.

In claiming that the Mayor did not discharge his responsibilities according to the Act, the GM stated that on occasions the Mayor made statements during council meetings that he had received legal advice on matters, but had failed to advise councillors of the content of that advice. Again, when questioned, the Mayor said he did not have to divulge legal information that he sought as an individual. The GM stated that the behaviour of the Mayor towards her had resulted in an unsafe working environment for her. The Board agrees that the conduct displayed in the relationship between the GM and the Mayor appears to be having a detrimental effect on the health and wellbeing of both parties.

Key to the GM's complaints is the allegation that the Mayor has not liaised with her as the GM but, as is demonstrated throughout this report, the relationship was strained from the beginning. Whilst they initially had weekly meetings, it is the Board's view that, for the most part, no commonly agreed resolutions were reached.

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*"The severity and widespread nature of the complaints were such that the Minister concluded that the Huon Valley Council was deeply divided and may soon become dysfunctional, and on 7 September 2015 ... appointed a Board of Inquiry..."*

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### Quality and timeliness of advice provided to Mayor

In the early days of the relationship, the Mayor and the GM met on a weekly basis but no records of these meetings were made, each taking notes for their own benefit. The Mayor claimed that the GM often agreed to provide information to him but failed to do so in a timely manner to enable him to effectively perform his role as Mayor. This led to the Mayor putting requests in writing. The GM construed this as being a form of harassment, placing unreasonable demands on her which affected her work and personal life.

It was the GM's view that many of the Mayor's requests were inappropriate as they were operational in nature, and therefore not necessary for him to fulfil his mayoral role. She also acknowledged that on occasions, information *"was not able to be provided in the timeframes demanded by the Mayor as the information was not available"*. However, it appears that rather than advise the Mayor of this situation, she chose to ignore some requests. Because of this, the Mayor often sent her reminder emails which the GM claims was harassment.

The Mayor stated that he only requested information or assistance with matters that enabled him to perform his role as Mayor. Section 27(1)(ba) of the Act requires the Mayor *"to liaise with the general manager on the activities of the council and the performance of its functions and exercise of its powers"*.

The Act does not rule out the Mayor's right to seek information on operational matters.

The Act also confirms that the Mayor is the elected member who has the right to liaise with the GM, unlike other councillors. However, in a practical sense, many councillors would have access to the GM and senior staff in relation to specific matters. It would be anticipated that the manner in which these communications occur would be covered by council protocols and processes.

Regarding the quality of advice provided by the GM to the Mayor, the Board found the GM to be knowledgeable and highly articulate in respect of council matters. However, it is the Board's view that the lack of timeliness (and often non-provision) of advice has frustrated the Mayor's ability to properly perform his functions.

### Other communication issues

There were a variety of examples where there was no dispute about events that took place, but each party had a different view of legislative requirements and actions agreed. When the relationship between a GM and mayor is sound, matters such as these would be resolved with relative ease within a functional workplace.

In the case of the Huon Valley Council, the following are some examples of different perceptions being drawn from a particular event:

- *Dog complaint* – the Mayor, after being approached by a ratepayer, advised the ratepayer to contact the GM to discuss the payment of her fines. The GM claimed that the ratepayer told her that the Mayor had advised the ratepayer that she did not have to pay the fine.
- *Media releases* – the GM claimed that the Mayor would not endorse positive media statements, whereas the Mayor refuted this claim, saying that he was concerned that the prepared statements were factually incorrect and on that basis he refused to use them.
- *Points of disagreement* – both the Mayor and the GM claimed that the other would not discuss matters of disagreement when they occurred.

*"There were a variety of examples where there was no dispute about events that took place, but each party had a different view of legislative requirements and actions agreed."*

Some issues that demonstrate the communication breakdown between the Mayor and the GM include the GM viewing the Mayor's behaviour as interfering in her role. She cited examples of him wanting to be involved in her meetings with other councillors and reviewing every item on the council agenda. The Board

considers that it is not unreasonable for the Chair of any Board or Committee to have a role in putting together the agenda or at the very least seeing it prior to it being circulated. The Mayor claimed that the GM often ignored or failed to action his requests for items to be included on council meeting agendas. He also noted that the Acting GM was not responsive to his requests for information.

The Mayor saw this as obstructive behaviour which eroded his trust in the GM.

The GM's response to this was that the matters were of an operational nature and could be canvassed at their weekly meetings. However, as noted above, the Mayor stated that many of his requests were not actioned, despite the GM agreeing to do so.

The Mayor concluded that these incidents demonstrated a total lack of respect for the position of Mayor. The GM refuted this suggestion, going on to say that the Mayor worked unilaterally and independently, pursuing his own agenda. She claimed this was evidenced by his continual public statements about some of the issues he raised as part of his election campaign. According to the Mayor, the statements made publicly by him as Mayor always conveyed the Council's position. However, he acknowledged that he had at times spoken of his beliefs but when he did so he always stressed that they were his personal opinions. This is covered in more detail in Section 4.1.2 of this Report.

It is the Board's view that should the Minister decide not to dismiss the Council, a *Statement of Expectations* between the GM and the Mayor should be developed under the direction of the Director of Local Government, with agreed protocols to fulfil their respective roles and functions as prescribed under sections 27 and 62 of the Act, for endorsement by the full Council.

A *Statement of Expectations* is a document signed by the Mayor and the General Manager that details the requirements and expectations of both parties. At a minimum it should include:

- the scope of information that may be asked for and the timelines associated with requests;
- the timelines for the provision of requested information;
- provision of regular meetings and the manner in which outcomes from meetings are recorded;
- the roles of both positions in developing council agendas and conduct at council meetings;
- the development and authorisation process of formal press releases from either position; and
- the process for dealing with disagreements on issues that arise from time to time that are not explicitly covered in the *Statement of Expectations*.

Both the Mayor and the GM admitted that there had never been a good working relationship between them. Furthermore, when pressed on whether they were prepared to work together in the future, the Mayor responded that he could not see the situation improving. The GM was not quite so direct but made comment to the effect that she doubted the relationship could be salvaged.

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*Both the Mayor and GM admitted that there had never been a good working relationship between them ... when pressed on whether they were prepared to work together in the future, the Mayor responded that he could not see the situation improving. The GM was not quite so direct but made comment to the effect that she doubted the relationship could be salvaged*

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## Findings

- F5. The key relationship between the Mayor and the GM is dysfunctional and beyond repair, and is characterised by complete lack of trust and inability to deal with issues in a productive manner.
- F6. The strained relationship between the Mayor and the GM appears to be having a significant detrimental effect on the health and wellbeing of both.
- F7. No specific protocols or understandings were developed by the Mayor and the GM to govern their relationship.
- F8. No compelling evidence was found to suggest the breakdown between the Mayor and the GM was primarily caused by the actions of one party.
- F9. The complete lack of effective liaison between the Mayor and the GM is inconsistent with the intent of sections 27(1)(ba) and 62(1)(g) of the Act.
- F10. The timeliness (and often non-provision) of advice provided by the GM to the Mayor is an issue.

## Recommendations

- R7. The *Statement of Expectations* between the Mayor and the GM should include agreed protocols to fulfil their respective roles and functions under the Act, for endorsement by the full Council.
- R8. Should the Mayor and the GM be unable to develop an appropriate *Statement of Expectations*, the Director of Local Government is to assist the parties to develop the document.

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**A *Statement of Expectations*** is a document signed by the Mayor and the General Manager that details the requirements and expectations of both parties. At a minimum it should include:

- the scope of information that may be asked for and the timelines associated with requests;
  - the timelines for the provision of requested information;
  - provision of regular meetings and the manner in which outcomes from meetings are recorded;
  - the roles of both positions in developing council agendas and conduct at council meetings;
  - the development and authorisation process of formal press releases from either position; and
  - the process for dealing with disagreements on issues that arise from time to time that are not explicitly covered in the *Statement of Expectations*.
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## 4.1.2. Mayor and councillors

### Issues

Submissions to the Inquiry included a suite of comments about the Mayor misrepresenting the majority view of councillors; and others took an opposing view, commenting on the lack of support by certain councillors for the voter-elected Mayor.

### Observations

It is important to outline the general context in which the Huon Valley Council operates at elected representative level. This Council is the first council in the Huon Valley to operate under changes to the Act in 2013 whereby all Tasmanian councils now have:

- a four-year term for elected Mayors; and
- all-in, all-out elections.

Nothing in this framework prevents the situation where a popularly elected mayor takes office without the support and confidence of the majority of councillors at the start of their four year term. This is what occurred in the Huon Valley, and has persisted throughout the term of this Council. It is exacerbated by long standing factions within the region and the Council, with two predominant groupings commonly referred to by some members of the community as the 'pro' and 'anti' development groupings. The Mayor was popularly elected as an 'independent' Mayor. However, he does not have the majority support of the existing nine councillors.

There is a widely held perception that the Mayor is first amongst equals. However, whilst popularly elected to a specific leadership position, he must accept that, in the decisions of the Council, he has but one vote and must accept the majority vote of the Council on any motion that the Council votes on.

This means that the Council may pass motions which do not coincide with the platform that the Mayor took to the electorate as part of the election process.

This Section of the Report will deal with councillors' issues with the Mayor, and then the Mayor's issues with councillors both individually and collectively.

### Councillors and Mayor

The first grouping of issues raised by those referred to by the Mayor as the Heart of the Huon contain allegations that the Mayor did not represent the majority view of councillors but publicly spoke against and failed to promote council decisions. This includes the council decision not to accept an invitation from the three southern regional councils to consider local government reform options, namely, voluntary amalgamations.

In response to these allegations, the Mayor stated that at no time did he represent his personal view as the Council's view. Evidence shows that the Mayor did specify in press releases and on radio that his views were his own and not the Council's. However, at times these views criticised the Council's decision, and in all the media reporting reviewed by the Board reference was made to Mayor Peter Coad.

Under section 27(1)(b) of the Act the Mayor is 'to act as the spokesperson for the council' and under section 27(1)(1A) 'The mayor or deputy mayor is to represent accurately the policies and decisions of the council in performing the functions of mayor or deputy mayor'.

There is a clear tension between the right of an individual councillor to express their personal views and section 27 of the Act, which provides that a mayor is to act as the spokesperson for the council.

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*“There is a widely held perception that the Mayor is the first amongst equals. However, whilst popularly elected into a specific leadership position, he must accept that, in the decisions of the Council, he has but one vote...”*

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It is the Board's view that members of the public, when hearing or reading the views of a person who is named as the mayor, would reasonably expect that these views carry more weight than an individual councillor, and that the views of a mayor are reflective of the Council. Consequently, when a mayor's personal views are expressed publicly and are critical of a council decision, it is likely to cause greater harm to the reputation of a council than when others express their individual views.

*"... members of the public ... would reasonably expect ... that the views of a mayor are reflective of the Council..."*

Given the 'spokesperson' role is specifically included in the legislation, it is reasonable to expect that any statements by a mayor should be on behalf of the Council and should therefore support the relevant council decision. The Mayor has not acted consistently with this function and the effect of his public statements undermines the intention behind this provision in the Act.

In section 4.2.3 of this Report, the Board recommends that the Mayor's views are minuted when they differ from a council decision and that council meetings are audio-recorded to provide record of individual councillor's reasons for supporting or not supporting contentious issues in motions of importance. Subsequent to such a change, the press or constituents could be referred to those minutes or audio-recordings should they wish to know the Mayor's personal view or should the Mayor wish for his personal views to be known. In this way, the Mayor can fully comply with section 27(1)(b) and act as spokesperson for the Council at all times.

The broader application of a mayor speaking on behalf of the council, and the use of audio-recordings for council meetings, should be referred to the review of the Act.

There were a number of allegations by the Heart of the Huon councillors relating to conversations by the Mayor with third parties. These were denied by the Mayor and the Board received no documentary evidence that contradicted the Mayor's denial.

The final allegations by these councillors go to the Mayor's failure to act consistently with council resolutions. This included:

- the Mayor's non-action relating to the review of boundary adjustments between the Huon Valley and Kingborough municipalities. The Board is of the view that implementation of council decisions, being operational, is the responsibility of the GM and not the Mayor; and
- the Mayor's alleged discussions with the Kingborough Council about local government reform. This would have been in direct contravention of the Council's decision on amalgamation, and this was flatly denied by the Mayor. No evidence has been provided to support these allegations.

A number of submissions expressed concern over the Council's decision not to participate in amalgamation discussions. The Board has no view on amalgamation as it is not part of its Terms of Reference. However, the Board will state that the decision made by the Council in relation to amalgamation is one that is within its lawful right to make, and it is up to the Council to deal with this matter as it sees fit.

### *Mayor and councillors*

There were a significant number of issues raised by the Mayor about the conduct of a 'bloc' of councillors that are referred to by some as the Heart of the Huon councillors. These include issues around the Geeveston Town Hall; Cygnet Caravan Park; Petty Sessions Jetty; Port Huon Sport Centre; investment in Collateralised Debt Obligations (CDOs); the portfolio system and its operation; and tourism-related activities. All of these matters are dealt with in Sections 4.3 and 4.4 of this Report.

A number of allegations relate to the behaviour of the above-mentioned councillors supposedly acting as a bloc to frustrate and impede the Mayor in his role as Huon Valley Council Mayor. The alleged bloc was also

the subject of a number of submissions to the Inquiry from ratepayers, who expressed concern over its detrimental effect on the proper running of the Council.

The matter of the existence or otherwise of the Heart of the Huon was also the subject of interviews conducted by the Board with the Mayor and the councillors concerned. This is considered separately in Section 4.1.3 of this Report.

In addition, these councillors allegedly used threatening behaviour during a specially called meeting, requested by Councillor Wilson on 13 March 2015, to discuss the Mayor's performance. The meeting was held on 16 March 2015 and the Mayor was challenged on a number of issues, including allegedly not fulfilling his role as the Mayor; and the substance of his public statements that did not represent council decisions. The councillors stated to the Mayor that "*... if things do not improve we will have no other option than to hold talks with the Director of Local Government.*"

The Mayor, in his submission to the Inquiry, inferred from this statement and ensuing discussions at that meeting that attempts to have him removed as Mayor would commence if he did not change his approach.

Conversely, when councillors were questioned about this during their interviews, they portrayed the meeting as an attempt to resolve existing issues and address concerns. Whatever the rationale, it is clear that the meeting, and the way it was conducted by the participants, appears to have hardened the lines between the Mayor and those councillors.

The Board is of the view that the relationship between the Mayor and these councillors had been extremely difficult from the time the Mayor commenced in his role and worsened over time. The Board does not believe that there was a pattern of intimidation or threats. However, it does believe that the actions of these councillors exacerbated an already fraught situation.

It is worth observing that Mayor Coad, when elected as Mayor, had no previous experience as Mayor and that the Act provides no particular guidance around the relationship between a mayor and councillors in terms of roles, power and appropriate interaction. There is no mandatory mayoral specific training that would equip inexperienced mayors with the tools to run a council in the manner envisaged by the Act. It is the Board's view that such training be mandated.

The Board therefore recommends that mandatory training be undertaken by all newly elected representatives with additional mandatory training for first time mayors.

#### *Powers of the Mayor*

One of the issues that became apparent to the Board during its Inquiry was the tension that can arise within a council (and the community it serves) where a popularly elected mayor is elected into office on the basis of an agenda to promote change, but is unable to implement that change because he or she does not enjoy the support of a majority of councillors.

While this is arguably democracy at work, and theoretically not an insurmountable challenge for an appropriately skilled mayor, the mismatch between the public expectation and the practical reality for a minority mayor raises questions about whether mayors have sufficient powers under the current governance model provided under the Act.

The fundamental question is whether or not the current model of popularly elected mayors (with all the community expectation that this inevitably brings), who serves a four-year term concurrently with the other elected councillors, is sustainable in the long term in the absence of an accompanying increase in powers for the mayor. This question raises issues that go to the heart of local government democracy and it is not appropriate for the Board to express a view on these on the basis of an Inquiry into a single council.

As part of the Board's deliberations it did undertake a desk-top comparison of the legislated powers of mayors in Tasmania with a number of other jurisdictions. Appendix 9 outlines the continuum of powers

that exist across these jurisdictions, from significant executive powers in the United Kingdom through to no extra powers, as is the case in Tasmania.

In the Board's view, there is a high risk that the dynamics experienced by the Huon Valley Council will be replicated in other municipalities and consideration therefore needs to be given to the best model for Tasmanian councils. The Board is aware that a review of the Act is being undertaken in 2016 and recommends that the question of whether or not mayors of Tasmanian councils should be given additional legislative powers be considered as part of that review.

### *Leadership role of the Mayor*

There were complaints from a number of councillors and staff about the lack of leadership shown by the Mayor. The functions of a mayor includes, under section 27(1)(aa) of the Act, 'to act as a leader of the community,' and under section 27(1)(c), 'to oversee the councillors in the performance of their functions and in the exercise of their powers.' It is clear that due to the strained relationships, it has been practically impossible for the Mayor to perform this role.

The complaints are likely to have arisen for the various reasons previously outlined in this Section. It is very difficult to show leadership when a significant number of council decisions are opposed by the Mayor in his role as councillor. Leadership at any level of government is essential to ensure a forward-looking and proactive council. Leadership is the subject of a number of excellent training courses and the Board recommends that a leadership module be included in the mandatory training for new mayors.

There were a number of complaints made by the Mayor about the partisan relationship between a group of councillors and the GM. The Board received no evidence to support this claim, given that the role of the GM is to implement decisions lawfully made by the Council.

It is, however, the Board's view that if the only relationship being considered in this Inquiry was that of councillors and the Mayor it would recommend a series of interventions and approaches to restore the Council to an acceptable level of robust debate that would be expected in a democratically elected council consisting of individuals with different experiences, values and personalities.

However, by far the most corrosive and destructive relationship, in terms of ongoing and future council endeavours, is the relationship between the Mayor and the GM. This is discussed in Section 4.1.1 of this Report.

*“...By far the most corrosive and destructive relationship, in terms of ongoing and future council endeavours, is the relationship between the Mayor and General Manager...”*

### *Other issues*

Another issue raised was the claim by Councillor Wilson that he was defamed by the Mayor in a council meeting, when the Mayor stated that he (Councillor Wilson) had threatened to have him removed as Mayor.

In the Board's view, any legal action that a participant may wish to raise is outside the remit of this Inquiry and it is up to the individual to pursue such actions through normal legal processes.

It should also be noted that the Board received a complaint from the Mayor about personal threats to himself and a family member made during the election campaign, by a person who is not on the Council. As the conduct of the election is also outside the remit of this Inquiry, the Board will refer this issue to the Tasmanian Electoral Commission to take further action on this matter, if required.

## Findings

F11. While the Mayor qualified his public statements as his own when they differed from a Council decision, these statements had the practical effect of undermining the position of the Council. This is inconsistent with the mayoral function to act as the spokesperson of the Council under section 27 of the Act.

## Recommendations

- R9. When making public statements on issues the subject of a formal council decision, the Mayor should only speak on behalf of the Council's decisions.
- R10. When the Mayor's view differs from a council decision, his view should be put on record in the Council's meeting minutes.
- R11. Council meetings should be audio-recorded and audio-recordings made accessible to the public.
- R12. When responding to media or public enquiries about issues the subject of a formal council decision, the Mayor should refer enquirers to the minutes or the audio-recording of the relevant council meeting at which the issue was debated.
- R13. Recommendations R9 and R12 should not apply during the period of a council election.
- R14. The broader application of a mayor speaking only on behalf of council, and the use of audio-recordings for council meetings, should be referred to the review of the Act.
- R15. Consideration of additional legislative powers for mayors of Tasmanian councils should be referred to the review of the Act.
- R16. Mandatory training on roles and responsibilities should be undertaken by all newly elected representatives, with an additional leadership module for first-time mayors.

### 4.1.3. *Heart of the Huon*

#### Issues

One of the major concerns raised through the public submission process, and by the Mayor and Councillor Smith, is the existence of a bloc within the Council that frustrates the implementation of the platform on which the Mayor ran his election campaign. The bloc is referred to by complainants as the Heart of the Huon (Councillors Paul, Wilson, Heron, Ruzicka and Studley),

#### Observations

The claim is that those five councillors form a bloc which, among other things, is intent on removing the Mayor from office.

It appears that the genesis of the Heart of the Huon started during the election period for the 2014 local government elections when an advertisement was placed in the newspaper by a group of candidates with similar political views who were seeking election to the Council.

There were nine people listed in the advertisement, including the five previously mentioned plus Councillor Eastley and three other candidates who were not elected. The tag line on this advertisement was “*These people have the Huon Valley at Heart*”.

All elected councillors mentioned in the advertisement were interviewed by the Board on this matter and all stated that the reason for cooperation on the advertisement was their shared beliefs about development for the region, along with the more prosaic reason of sharing campaign costs.

When interviewed, all were asked whether agreements or arrangements were entered into for the term of the new Council. All were emphatic in their response that there were no arrangements or agreements in place, and that all motions of the Council are considered by each individual councillor on merit.

Two councillors also stated that if, at the time of the cooperation on the advertisements, they had been asked to commit to a formal bloc or voting strategy at council meetings they would not have participated in the advertisements.

A review of voting patterns is instructive and was undertaken by LGD using the Council's meeting minutes for the period November 2014 to December 2015.

It shows that of the 339 decisions made, 284 were unanimous and 55 decisions were not unanimous. Analysis of the voting patterns

- Of those 55 decisions there were a variety of voting patterns.
- Of those 55 decisions, in four instances the five councillors exclusively voted for or against a motion.
- Of those 55 decisions, there were 11 instances where there was either an apology or a declared conflict of interest from one of the five councillors.

A full list of the 55 decisions, and the data shown in the above breakdowns, is included in Appendix 10.

The Board concluded that it is not unusual for people with common beliefs or values to vote the same way on issues, and indeed there appears to be a clear Green vote on the Council on matters with environmental impact.

The Board is satisfied that the evidence supports the notion that councillors who share the same values and general opinions will vote in the same way on matters of common interest. Publishing the audio-recordings of council meetings will provide transparency and enable those who can't attend the meetings to hear the reasons for decisions by individual councillors when there is not a unanimous vote. This level of transparency should help to quell incorrect perceptions.

## Findings

- F12. There is no evidence to support the notion that a formal bloc exists or arrangements exist that bind any councillors to vote in a specific way.
- F13. The voting patterns and statements from all councillors at interviews reflect commonly held values and opinions of like-minded people.

### 4.1.4. Councillors and staff

#### Issues

Some complainants stated that certain councillors were treated preferentially by council staff regarding access to information, thus affecting the ability of the Mayor and the remaining councillors to fulfil their obligations to the community, as prescribed by sections 27 and 28 of the Act.

## Observations

There was little concern expressed by staff regarding the performance or demands made on them by the Council or councillors specifically, with the exception of the GM. However, some senior staff interpreted the public comments made by the Mayor as being critical of council staff. When questioned about this, the Mayor indicated that he had not intended to be critical of council staff and said that he generally had a high regard for their performance.

The Mayor did express concern that the GM chose to provide support willingly to those councillors he described as the Heart of the Huon, rather than provide an equal level of support to all councillors and indeed himself in his position as Mayor. As discussed in Section 4.1.1 of this Report, the Board found that the lack of timeliness (and often non-provision) of advice provided to the Mayor was an area that needed to be addressed. However, the Board did not find evidence that the GM did not provide equal support to the other councillors.

The Mayor indicated that the Heart of the Huon councillors expressed “*blind faith*” in the GM and her senior staff. At interview, one councillor at least was of the view that information provided by senior council staff should be accepted unequivocally as “*they are the experts*”. Another councillor who was not part of the Heart of the Huon grouping has expertise in a particular area and was not convinced that the ‘in-house expert’ was always right. Some senior staff appeared reluctant to accept differing points of views to those they provided to the Council.

During the interviews it emerged that some councillors did indeed have greater access to and cooperation of staff than others. This can partly be attributed to the portfolio system of responsibility but not entirely. Some senior staff acknowledged that they would not give comprehensive information to certain councillors as they did not trust how they might use the information. A councillor cannot be expected to make informed decisions at Council meetings if they are not provided with the resources to do so.

This could have been brought into question by the GM to ensure fair treatment of all councillors to enable them to properly perform their functions under section 28 of the Act. Under section 28A(1) ‘A councillor, in writing, may request the general manager to make available any information or document or a copy of any information or document in the possession of the council that may be required for the purpose of performing any of the councillor’s functions.’ Further to this, under section 28A(5), ‘The general manager is to make any information or document made available to a councillor under this section available to any other councillor on request.’ While such requests may be refused, these provisions reinforce the notion that in terms of information provision, councillors have the right to expect fair and equitable treatment by the GM or those with delegated functions.

## Findings

- F14. Evidence was not found to support the assertion that the GM did not treat all councillors equally, however some staff with delegated functions acknowledged inconsistencies in their provision of information to certain councillors.
- F15. In some instances, the relationship between councillors and staff was determined by the level of trust that existed between the individuals.

## Recommendations

- R17 The GM should ensure fair and equitable treatment, including the provision of information, to all councillors.

## 4.2. Cultural and behavioural concerns

### 4.2.1. Culture, values and the Council's commitment

#### Issues

The Board received a number of complaints that the Council and council staff were not receptive to new and innovative ideas or projects.

#### Observations

Concern was expressed over the ability to generate council discussion on different ways of doing things or examine projects that had been developed at grassroots level. The Board was not provided with specific examples but did receive statements expressing concern that community ideas were dismissed out of hand and that it was difficult to engage in discussions on ideas that the proponents considered innovative. There was a view that good opportunities are being lost from the Huon Valley area because of a lack of an open and supportive culture within the Council.

The Board notes that in its Annual Report, the mission statement signed off by Council is “to work in partnership with the community to improve the quality of life for people of the Huon Valley by investing in a dynamic, sustainable and equitable future”, and one of its values is to “embrace diversity and new ideas” (refer to Appendix 5 Huon Valley Council Commitment).

While these statements are in accordance with section 28 of the Act, which provides that councillors must facilitate communication, strategic planning, development and resource allocation in the best interests of the community, the Board found that the Council's practices do not necessarily match its stated mission and values, in terms of adopting a community-centric approach to considering new ways of doing things.

Section 4.3.1 of this Report provides additional observations on communication, consultation and community relations. The Board recommends that at a future council meeting, these be considered in terms of the development of a strategy to operationalise this value and assist in the fulfilment of the Council's mission statement and therefore enable councillors to properly perform their functions under section 28 of the Act.

#### Findings

- F16. The Council's practices do not always match its stated mission and values, which promote a community-centric approach to considering new ways of doing things.

#### Recommendations

- R18. At a future council meeting, the Council should consider its stated commitment to ‘embrace diversity and new ideas’ with a view to developing a strategy to operationalise this value, assist in the fulfilment of the Council's mission statement and ensure that councillors are able to properly perform their functions under section 28 of the Act.

## 4.2.2. Code of Conduct

### Issues

Several allegations were made to the Inquiry about the behaviour of the Mayor and a number of councillors, including that they may have breached the Council's *Code of Conduct for Councillors*.

### Observations

Section 28E of the Act requires each council to adopt a code relating to the conduct of councillors. A Code of Conduct was adopted by the Huon Valley Council on 13 September 2006. The Council's *Code of Conduct for Councillors* has been reviewed four times since 2006, the last review being approved by the Council in October 2015.

Several complaints were made to the Inquiry that the Mayor and councillors were breaching the Code of Conduct by virtue of their behaviour at meetings and more generally in the community. Allegations included the following:

- Several councillors show no respect to the Mayor during meetings;
- Threats by the Heart of the Huon councillors towards the Mayor that he would be removed if he did not change;
- Public statements by the Mayor and some councillors that are critical of each other or council staff;
- Antipathy and harassment displayed towards the Mayor and other councillors by the Heart of the Huon councillors;
- The Mayor speaking publicly against council decisions; and
- The Mayor not accurately representing the decisions of the Council.

Section 5.3 of the Council's *Code of Conduct for Councillors* requires councillors, the Mayor and the Deputy Mayor among other requirements to:

- *"behave in a manner that reflects high ethical standards acting with integrity, fidelity, honesty and good faith in the interests of the Council and the community"*
- *"avoid any form of conduct that would bring the Council, its Councillors, the General Manager or Council Officer into disrepute"*

Following all of its observations throughout the Inquiry process, the Board concludes that the Mayor and several councillors, particularly those referred to as the Heart of the Huon may have failed on occasions to comply with the above provisions. The Board has not been established as a Code of Conduct or Standards Panel under the Act, and is therefore not authorised to make a finding on breaches of the Code of Conduct. However, the Board has observed prima facie evidence to suggest non-compliance, such as displaying disrespectful behaviour during meetings and publishing media articles that were critical of each other.

The very essence of the Code of Conduct requires all councillors to treat each other with respect and reflect high ethical standards at all times.

The Board is concerned about the effect of this inappropriate conduct on councillors and council staff. The Board's own observations of the participants at interviews, and at the council meetings they attended as observers, is of individuals under stress.

Further to this, in early 2016 concerns were raised with the Board about staff health and safety and the impact of the volatile behaviour displayed in the Council Chambers. The Board was invited to attend a number of council meetings in response to these concerns.

It is the Board's view that this situation will worsen if this conduct is not addressed as a matter of priority. It is also the Board's view that the dysfunction, if not addressed, will deter potential future councillors from seeking office. This outcome is not in the best interest of the community and must be addressed.

As noted above, the Huon Valley Councillor's Code of Conduct was approved in 2006 and whilst it has been reviewed on several occasions there has been little or no change.

A new Statewide *Local Government Code of Conduct*<sup>5</sup> has been developed and will need to be adopted by all Tasmanian councils following its commencement in early April 2016. This Code of Conduct contains a clear framework to deal with disputes between councillors, including sanctions and the possibility for removal from office.

A summary of the new *Councillor Code of Conduct Framework* can be found at Appendix I I. The Board recommends that following its commencement, the Council undertakes training and adheres to the principles contained within it.

### Findings

F17. The Mayor and several councillors have demonstrated inappropriate behaviour and in the Board's view may have failed on occasions to comply with the Council's Code of Conduct.

### Recommendations

R19. Following the commencement of the new statewide *Local Government Code of Conduct*, the Director of Local Government prioritises the delivery of training to the Huon Valley Council as soon as practicable.

#### 4.2.3. Transparency and accountability

##### Issues

A variety of issues were brought to the Board's attention regarding transparency and accountability of the Council, such as:

- keeping inadequate meeting records;
- transparency about council expenditure and fund allocations;
- lack of timely information provision from council staff to councillors as representatives of the community;
- the number and type of issues dealt with in closed council; and
- failure to provide information about the Council's in-kind assistance provided to local businesses.

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<sup>5</sup> The Local Government Amendment (Code of Conduct) Bill passed the Legislative Council, with amendments, on 26 August 2015. The new Code of Conduct was proclaimed on 13 April 2016 and councils have three months from the date of proclamation to adopt the new Code.

## Observations

Any discussion on transparency and accountability begins with understanding what these characteristics look like under a good governance model. According to LGD's *Good Governance Guide* (refer to Section 3 of this Report):

### Good governance is accountable

Accountability is a fundamental requirement of good governance. Local government has an obligation to report, to explain and to be answerable for the consequences of decisions it has made on behalf of the community it represents and serves.

### Good governance is transparent

People should be able to follow and understand the decision making process. This means that they are able to clearly see how and why a decision was made – what information, advice and consultation a council considered, and which legislative requirements (when relevant) a council followed.

While these characteristics are directly relevant to the discussion that follows, the characteristics of good governance are inter-related, supporting and sustaining each other, and are all therefore relevant in one form or another.

It is also worth noting that the Huon Valley, like other areas within Tasmania, is undergoing demographic changes which impact on the community's expectations of their council.

It was not possible to get up to date census information on demographic changes in the Huon Valley at a granularity that identifies particular population centres. However, all councillors considered that there had been a significant change in the area with an influx of people from other Australian states who in the main are reasonably affluent and interested in local affairs, including the operations and services provided by the Council. A number of councillors expressed a view that a proportion of these arrivals had a sceptical view of councils, generally based on their experiences in other Australian shires, meaning they are more questioning about the reasons for council decisions and for the motives behind those decisions.

### Transparency

It is the view of the Board that the Council is currently not communicating effectively with the community consistent with its obligation under section 28(1)(c) of the Act. There is a need for greater transparency around the Council's decisions and more effort needs to be made to provide the community with the information they seek, including the reasons why particular decisions are made.

The Board received a significant number of submissions from ratepayers raising concerns about the Council, making reference to a number of specific issues. Those specific issues are discussed under Sections 4.3 and 4.4 of this Report.

The Board has had the benefit of being able to discuss all of these issues with councillors and senior council staff, and has been provided with documentary evidence on why particular decisions were made, including the background to these issues. The Board believes that in the majority of cases there appears to be no reason why this information could not have been disseminated to the public to enable all who wished to view it to do so.

In the absence of such information, a vacuum is created that can all too readily be filled by allegations of conspiracies, incompetence, and at worst, corruption.

This situation has been exacerbated by the use of closed council to discuss a number of matters in which members of the public have a keen interest. It is not permitted under *Local Government (Meeting Procedures)*

*“...more effort needs to be made to provide the community with the information they seek, including the reasons why particular decisions are made.”*

*Regulations 2015* (the regulations) for any councillor to reveal any discussions, decisions, reports or documents considered in closed council unless authorised by the council or council committee. This also adds to the scepticism of the public whether justified or not.

Regulation 15(8) of the regulations provides that while in a closed meeting, the council or council committee is to consider whether any discussions, reports or other documents relevant to a council decision are to be kept confidential or released to the public. In this way, a council should release as much information as possible following a closed meeting, even if a decision is properly being made in a closed meeting.

The Board recommends that the Council reviews its communication and public information strategies against the eight characteristics of good governance, and adjust its existing policies to conform to them to ensure that it meets its obligation to facilitate communication with the community under section 28(1)(c) of the Act.

With regard to the operation of closed council sessions the Board is of the view that more scrutiny should be used to ascertain whether items listed for closed sessions actually satisfy the criteria in Regulation 15(2) of the regulations, with the emphasis on maximising agenda items to be dealt with in open council meetings, and Regulation 15(8) on maximising the public release of information pertaining to a closed meeting item. Further observations on closed meetings can also be found in Section 4.2.4 of this Report.

Some concerns were raised with the Board about Council workshops, which involves Council staff presenting information to Councillors on matters that may come before Council for decision. Workshops are not open to the general public. The concern is that workshops sometimes replace debate and discussions within council meetings and thereby deny the public the opportunity to understand the reasoning behind certain decisions. The Board does not recommend that workshops be open to the general public and supports the idea of workshops as a way to allow councillors to understand all the detail about matters that they are likely to vote on. However, as workshops are not compulsory for councillors, information relevant to decisions at council meetings is not always accessed. As such, some important council decisions may not be well informed. Information discussed in voluntary workshops that is relevant to a council decision should be disclosed at council meetings and contained in council meeting papers to ensure that councillors are able to adequately perform their individual and collective functions under sections 28(1) and (2) of the Act.

The Board recommends that the current review of the Act considers Regulation 15 of the regulations to maximise both the use of open council to deal with agenda items and the public release of information considered in closed council meetings. In the interim, LGD has advised that it is available to provide clarification on the interpretation of the current provision.

As part of its deliberations, the Board has read a number of the Council's meeting minutes and notes that they do not include councillors' reasons for either supporting or opposing a motion. It is the Board's belief that the provision of this information would assist greatly in the transparency of decision making. The Board notes that audio-recording of council meetings will be introduced shortly and this will help to overcome this difficulty. The Board supports this initiative.

As stated in Section 4.1.2 of this Report, having council meetings audio-recorded will assist the Mayor to place his stance on contentious matters on record whilst also satisfying the requirements of section 27 of the Act, to be the Council's spokesperson.

The Board believes that such an initiative may also assist in dealing with any perception of bloc voting, as considered in Section 4.1.3 of this Report.

*"...the press and residents who wish to understand the reasons for decisions by individual councillors when there is not a unanimous vote should be referred to the audio-recordings of council meetings."*

The Board recommends that the press and residents who wish to understand the reasons for decisions by individual councillors when there is not a unanimous vote should be referred to the audio-recordings of council meetings.

### Accountability

It is imperative in any good governance model that the lines of accountability are incorporated formally into the governance structure and are therefore clear to members within the particular council and also to the community which it serves.

The Board has viewed a number of position descriptions for council senior staff and is satisfied that accountability is incorporated into the structure.

What is less clear are the accountability lines between the GM and councillors and, critically, the accountability of the GM to the Mayor.

Given the role of the Mayor is to act in accordance with sections 27(1)(aa) and (b) of the Act, as a leader of the community and as a spokesperson for the Council, it is reasonable for the community to expect the Mayor to have overall accountability for the Council and its outcomes, even if the Mayor is not authorised to interfere with operational decisions.

Section 4.1.1 of this Report deals with the current situation regarding the relationship between the GM and the Mayor but it is worth stating that the Mayor, in order to be accountable to the community, requires

*“The right to operational information for a mayor is essential, as is the understanding that a mayor should not be involved in making operational decisions.”*

timely, accurate and relevant information about the Council's operations and policy implementation. Such information should be supplied to the Mayor by the GM, or delegated senior officers, in order that he can properly perform this function.

The right to operational information for a mayor is essential, as is the understanding that a mayor should not be involved in making operational decisions. As in other organisations, the Chair of a Board determines and

monitors progress towards overall strategy, but does not interfere with specific operational exigencies.

As described in Section 4.1.1 of this Report, provision of such information has not occurred in a timely fashion, primarily because of relationship difficulties with the GM, and the Board highlighted the importance of developing a *Statement of Expectations* between the Mayor and the GM to minimise this occurrence in the future.

The Board is satisfied after analysing all complaints, documentation and interviews that there is no evidence of corruption or major malfeasance.

### Findings

- F18. There was no evidence of corruption or major malfeasance.
- F19. There is greater need for transparency in council decisions to ensure that the Council meets its obligation to facilitate communication with the community under section 28(1)(c) of the Act.
- F20. Items considered in closed sessions are not transparent for reasons prescribed by the Act, and scrutiny must be applied to ensure those reasons are valid so that the maximum number of agenda items are considered in open council meetings.
- F21. Workshops are voluntary by nature and there is a risk that councillors who do not attend are not properly informed on matters coming before Council for decision. This has the potential to impede the ability of councillors to perform their individual and collective functions under section 28(1) and (2) of the Act.

## Recommendations

- R20. The Council review and conform its communication and public information strategies against the eight characteristics of good governance outlined in the *Good Governance Guide for Local Government in Tasmania*.
- R21. High levels of scrutiny should be used to ascertain whether items listed for closed sessions satisfy the criteria in Regulation 15 (2) Closed Meetings of the *Local Government (Meeting Procedures) Regulations*, with the emphasis on maximising agenda items to be dealt with in open council meetings.
- R22. Regulations 15 (2) and 15 (8) of the *Local Government (Meeting Procedures) Regulations* be referred to the review of the Act to ensure that councils maximise both the use of open council to consider agenda items and the public release of information considered in closed council meetings.
- R23. Information discussed in voluntary workshops should, where relevant to a council decision, be disclosed at council meetings and contained in council meeting papers, subject to any restrictions contained in the Act.
- R24. The press and residents wanting to know the reasons for decisions by individual councillors should be referred to the audio-recordings of council meetings.
- R25. For broader application, these transparency and accountability issues should be considered in the review of the Act.

### 4.2.4. Behaviour at council meetings

#### Issues

A number of complaints were received by the Board regarding the conduct and processes of council meetings, including disrespectful behaviour at council meetings, the setting of the meeting agenda, the number and type of agenda items going to closed council, restrictions on members of the public speaking at council meetings, and the inadequacy of meeting records.

#### Observations

Several members of the public were critical of the behaviour of some councillors during council meetings, namely those who allegedly comprise the Heart of the Huon, towards the Mayor and the two former Greens councillors (one is no longer a councillor and the other stood and was elected as an independent at the October 2014 election).

Consistently, the complaints indicated that the behaviour was extremely rude and lacking respect towards the Mayor and the other two councillors. One complaint described the division between these two groups of councillors as a “battle line”.

While robust debate is expected between councillors with differing views, general standards of expected behaviour should be adhered to, as prescribed in the Huon Valley Council's *Councillor's Code of Conduct*. This is further discussed in Section 4.2.2 of this Report, where the Board notes its concern about the effect of disrespectful meeting behaviour, amongst other things, on the health and safety of the council and council staff.

Further to the provisions contained in the *Councillor's Code of Conduct*, Regulation 40 of the *Local Government (Meeting Procedures) Regulations 2015* outlines the process that a mayor can follow should

*“While robust debate is expected between councillors with differing views, general standards of expected behaviour should be adhered to...”*

unacceptable behaviour continue. The Board recommends that these behavioural expectations be included in mandatory training for all councillors.

It was noted quite often that there were no reasons for decisions recorded in the minutes of council meetings. This is discussed in Section 4.2.3 of this Report under *Transparency and Accountability* and addressed in Recommendation R23.

Of more general concern is the number of matters that are referred to closed council. Regulation 15 of the *Local Government (Meeting Procedures) Regulations 2015* outlines matters that may be referred to closed council. A more consultative approach between the Mayor and the GM in the development of the agenda should be used to identify only those matters that are properly within Regulation 15 for referral to closed council. At the time of his submission to the Board, the Mayor claimed that he was not consulted in the development of the council meeting agendas, which were prepared by the GM. The Board is concerned that this may impede the ability of the Mayor to properly perform his function as chairperson of the Council under section 27(1)(a) of the Act.

### Findings

- F22. The behaviour of some councillors at council meetings is unacceptable.
- F23. A long-standing divide exists on the Council between what has been referred to by the community as pro- and anti-development.
- F24. Some matters of significant public interest are being referred to closed council. Only matters that are properly within the scope of the regulations governing closed Council meetings should be considered in that forum and close scrutiny is required to ensure that this is the case.

### Recommendations

- R26. Behavioural expectations relating to meeting conduct be included in mandatory training for all councillors.
- R27. The Mayor should be consulted by the GM when setting council meeting agendas.

#### 4.2.5. *Workplace health and safety – bullying and harassment*

##### Issues

A number of submissions to the Inquiry referenced a culture of bullying and harassment that exists within the Council.

##### Observations

In the recent past, bullying and harassment claims had been made by some staff. The staff members concerned have all left the Council but remain aggrieved at the treatment they received by council management. In one particular instance a senior staff member left during an investigation by WorkSafe Tasmania, thus bringing the investigation to an end without any firm conclusion or recommendations. When questioned, the GM advised that a policy on workplace bullying and harassment has since been developed and all staff are aware of the processes in place should they feel victimised in any way.

The Board heard that some four complaints had been referred to the GM, who instructed the staff involved to follow the processes and procedures that had been established. As the complainants did not pursue their claims, the GM determined that no further action was required. However, given that these complaints stemmed from the one organisational unit, the Board considered that more could have been done to confirm there was no evidence of bullying and harassment.

The issue of workplace bullying and harassment is a sensitive one and staff must feel there is support from management within the workplace to bring matters forward.

The Board noted that whilst an appropriate policy has been developed and is in place, it is not convinced that the workplace culture has changed significantly.

The Board makes no finding on whether workplace bullying and harassment has or is occurring. However, the Board considers that senior management must demonstrate a supportive environment for staff to raise issues of concern.

*“The issue of workplace bullying and harassment is a sensitive one and staff must feel there is support from management within the workplace to bring matters forward.”*

In addition, the GM claims that the constant demands on her by the Mayor bordered on harassment. The GM pointed to examples where the Mayor had asked for information at weekly meetings and then followed up with written requests within a day or so. When questioned, the Mayor denied the allegation, stating that he felt the need to put his requests in writing as, in many instances, the GM did not provide information that had been verbally agreed (refer to Section 4.1.1 of this Report). Another senior manager also stated that he felt pressured when asked to provide information to the Mayor and other councillors, as they did not take into account his workload.

The development of a *Statement of Expectations* between the GM and Mayor (as recommended in Section 4.1.1) will help relieve these tensions in this and any future council. However, should the GM's current concerns continue, the Board is of the view that in the first instance, the Council's process to resolve bullying and harassment complaints should be followed. If unable to be resolved through this process, it may then be referred to WorkSafe Tasmania for review, and relevant action taken if deemed necessary.

Under the Act:

*Section 28(2) The councillors of a council collectively have the following functions:*

- ...
- (b) *to determine and monitor the application of policies, plans and programs for –*
- ...
- (iii) *the fair and equitable treatment of employees of the council.*

Councillors have an obligation to take an active role in monitoring the performance of the Council in this area.

## Findings

- F25. A comprehensive policy and procedure on bullying and harassment has been developed. However, the volume of complaints received on this issue suggests that the Council needs to adopt a more proactive approach to ensure that bullying and harassment is not occurring.
- F26. A number of complaints initially referred to the GM were not pursued by complainants under the Council's policy and consequently, the GM took no further action.

## Recommendations

- R28. The current policy on bullying and harassment be reviewed on a regular basis.
- R29. Senior management should proactively take steps to provide a supportive environment where staff can safely come forward with their complaints.
- R30. In all instances, the Council's processes to resolve bullying and harassment complaints should be followed. If a complaint cannot be resolved through this process, the complainant may refer it to WorkSafe Tasmania or other relevant authority for investigation.
- R31. The application of the Council's policy on bullying and harassment should be regularly monitored by councillors in accordance with section 28 of the Act.

## 4.3. Policy and process issues

### 4.3.1. Communication, consultation and community relations

#### Issues

A range of public submissions to the Inquiry related to a perceived lack of council commitment to, and poor systems for, facilitating community consultation on matters of importance to the community.

Examples raised by the community included the closure of Township Committees, consideration of local government reform options, planning and development initiatives, and other matters of community importance that were considered in closed council meetings and therefore lacked transparency. This has resulted in perceived breaches by the Council of sections 19, 20 and 28 of the Act.

#### Observations

The Board noted that there were several complaints regarding the Council's lack of regular and concise communication with the community. Under sections 28(1)(a)-(c) and 28(2)(c) councillors have an obligation to represent and act in the best interests of the community, facilitate communication by the council with the community, and facilitate and encourage the planning and development of the municipal area in the best interests of the community. Without proper communication and consultation processes in place, the ability for councillors to have effective community relations is severely curtailed.

The complaints went to things such as hiring of consultants (instead of using in-house staff) to the discussion and reasons for decisions at council meetings. Other complaints stated that the Council provided inconsistent information and advice and made decisions in favour of certain residents.

A broadly held complaint, raised by a number of ratepayers from various towns within the Huon Valley, was the Council's decision to terminate the council supported Township Committees. The Board was told that this decision was taken in the context of budget measures and that other forms of community consultation would be introduced. The Board was also advised that "*historically, community meetings were poorly attended and feedback was that they were of little value to the community*". The Council's website now has a section on key matters that are open for consultation and includes closing dates for comment. The GM also advised that on important issues, community comment is invited. An opposing view was that only selected community members were contacted for comment and that some submissions made to the Council were ignored or not given reasons for non-inclusion.

Comment regarding individual interactions with council staff was generally favourable, especially in initial "*face to face*" contact, but there was some criticism that individuals were not provided with a feedback loop to be kept informed as their matter was or was not progressed.

A number of complaints from the GM and senior staff indicated that the Mayor failed to recognise his obligations under the Act to act as spokesperson for the Council and continually made public statements that could be construed as being critical of their performance. The GM was critical of the Mayor removing positive stories about the Council's performance which were prepared by the Senior Media and Communications Officer. The Mayor's response was that he only deleted statements that were factually incorrect.

The Mayor and other respondents complained about the ineffectiveness of the Council's email system, pointing to the fact that emails were not received at all or came much later than expected. The GM indicated that there were problems some time ago but the matter had now been resolved.

It was noted that the Mayor and other councillors regularly write to the *Huon News* in order to communicate with their constituents. However, in some of these articles they criticise each other, therefore

adding to the perception that the Council is dysfunctional. It is the Board's view that while councillors may have differences, they should not be played out in the public arena.

### Findings

- F27. A substantial number of residents who made submissions do not consider that they are being provided with important information by the Council.
- F28. A substantial number of residents who made submissions do not consider that they have appropriate mechanisms to have their views heard on decisions of significant importance to their communities.
- F29. Some disagreements between councillors are made public rather than resolved in-house.

### Recommendations

- R32. In consultation with the community, the Council develop a communication and consultation plan covering internal and external communications and inclusive consultation processes.
- R33. The communication plan is to include behavioural protocols to ensure councillors avoid publicly criticising one another.

#### 4.3.2. Staffing

##### Issues

Issues include a perceived high staff turnover and questionable staff selection and appointment processes.

##### Observations

A number of issues have been considered by the Board under the heading of staffing. These are grouped according to whom the complaints relate.

##### *High staff turnover*

A number of submissions point to the high staff turnover within the Council. In the Mayor's submission, he alleges that a group of councillors exhibited threatening behaviour towards him at an informal meeting which followed the April 2015 Governance Committee meeting. In the company of the Mayor and Councillors Studley and Ruzicka, Councillor Wilson allegedly told the Mayor that senior council staff were applying for positions elsewhere because of the Mayor. This meeting seems to have been pivotal in the decline of the relationship between various councillors and the Mayor, and also the GM and the Mayor.

The Board is aware of one former employee who, prior to resignation, had a "frank and fearless" discussion with the Mayor about his reasons for leaving, but this of itself is not indicative of a trend.

The Mayor advised the Board that he sought information from the GM on staff movements since his election as Mayor but did not receive this information in a timely manner. This claim was disputed by the GM. The Board was provided with staff

*"...staff turnover rates for the three years ending 30 June 2015 ... appear consistent with the Tasmanian council average. No discernible increases have occurred since the Mayor was elected."*

turnover rates for the three years ending 30 June 2015 which, compared with information from LGAT surveys, appear consistent with the Tasmanian council average. No discernible increases in turnover within the Council have occurred since the Mayor was elected.

### *Staff selection and appointment processes*

The second group of issues related to concerns about employment practices within the Council. Issues included the processes used for senior appointments, for example the appointment of the current GM; a perception of favouritism for certain employees (including appointments that overruled selection panel recommendations); and two specific cases allegedly contrary to existing council human resources (HR) policies.

The Board was provided with the Council's HR policies and guidelines including staff recruitment and selection processes, human resource delegations and financial delegations.

The Board has analysed these policies and is of the view that they are consistent with modern HR policies and are based on the proper application of the merit principle and natural justice.

While the Board received no evidence of systemic problems regarding the implementation of these policies, there is potential in any organisation for policies not to be applied in all cases. As such, it recommends that the Council review all HR policies and ensure they are followed in every instance.

The Board received no evidence or found any discernible patterns to support the perception of favouritism in internal or external appointments. It is the Board's view that greater emphasis by the Council on transparency, including the reasons for decisions, would assist in dealing with the public perception of favouritism or bias.

*"... greater emphasis by the Council on transparency, including the reasons for decisions, would assist in dealing with the public perception of favouritism or bias [in staff selection]."*

### *Specific appointments*

In relation to the specific cases, the first concerned the appointment process for the current GM. While the Board received a number of submissions related to this matter, it considers this issue to be outside its remit because the appointment occurred outside the period covered by the Inquiry.

The Board was provided with information from LGAT which detailed documentary advice to all Tasmanian councils about the process to be used when appointing its GM. The Board would advise the Huon Valley Council to consult with LGAT when it next makes a GM appointment to ensure that its processes are best practice and the Council and Huon Valley community can be assured that all due processes are followed.

Another issue raised was one in which the GM did not accept the recommendation of a selection panel for a senior position, but appointed the person ranked second by the panel. The Board was provided with all background material and is satisfied that the GM's reasoning was valid and that proper process was followed, consistent with relevant HR policies.

A further case involved questions relating to the employment status of an employee who left the State and then returned. The Board was provided with related documentation showing that:

- In August 2013 the individual's business was contracted to the Council to undertake certain work.
- This person then applied for an advertised role within the Council. They were employed by the Council for the periods stated in the employment contract. This contract was extended for five weeks to cover a period of relocation interstate.
- Following the expiration of the employment contract, the Council engaged this business for further project work on a purchase order/invoice basis. This was in accordance with all of the Council's purchasing policies and procedures.

For the period of time spent as an employee, an appropriate employment contract was in place.

The contracted work was to deliver an end product only, with no direction provided for how to undertake the work. The contractor supplied all of its own equipment, including computers and software.

The Board was informed that for low-level purchases it is usual practice for the Council to place purchase orders and have these invoiced, without the need for a specific contract. This includes a range of items and services within the price range of the contracted services in question. Under such arrangements, the scope of the works and deliverables are agreed either by email or over the phone.

The Board was satisfied that appropriate council policies were followed, but notes the number of public submissions on the need for transparency and allegations of favouritism generally. As such, the Council should give consideration to publishing an annual list of all payments for services provided, and ensure that selection of contractors below the threshold contained in its policies be documented with reasons why a particular contractor was chosen.

As there is an administrative overhead in preparing this information, the Board is satisfied with this recommendation being considered by the Council as part of setting its future budgets.

The Board was presented with a Statutory Declaration on another matter, whereby a former employee alleged a set of circumstances that, if proven, exhibit totally unacceptable behaviours by a senior council staff member. When questioned by the Board, the senior staff member denied all allegations. No further evidence was presented to the Board to substantiate the claim. As such, the Board makes no finding but has advised the parties involved that the Director of Local Government has agreed to pursue the matter should they wish.

### *General issues*

As highlighted in Section 4.2.5 of this Report, councillors have collective responsibility under section 28(2)(b)(iii) to determine and monitor the application of policies, plans and programs for the fair and equitable treatment of council employees. Councillors should therefore take an active role in ensuring that these are being properly applied.

### **Findings**

- F30. No discernible increases in staff turnover have occurred since the Mayor was elected.
- F31. Subject to confidentiality requirements, greater transparency around recruitment decisions for senior appointments would assist the Council to reduce public perceptions of favouritism or bias. This could include providing a statement of key reasons for appointing a particular candidate above others.

### **Recommendations**

- R34. The Council develop a process for determining, monitoring and reviewing the application of all HR policies at regular intervals to ensure they are followed in every instance.

### 4.3.3 Conflicts of Interest

#### Issues

A number of submissions from members of the public expressed concern over the handling of conflicts of interest by the Council, including the handling of pecuniary conflicts of interest in relation to planning matters by an individual councillor who is the director of a local real estate company.

#### Observations

Section 48 of the Act specifies that a councillor must not participate at any meeting of a council, council committee, special committee, controlling authority, single authority or joint authority in any discussion, nor vote on any matter, in respect of which the councillor either has an interest or is aware or ought to be aware that a close associate has an interest.

Both the LGD and LGAT have produced material to assist councils and individual councillors in determining whether a conflict exists, or is perceived to exist, and what actions to take. This information is included in induction courses for councillors and forms part of the training that new councillors receive when elected.

There is no reasonable defence for any councillor serving in current councils to be unaware of their responsibilities in this area and the Board recommends that appropriate training is made mandatory for all new councillors in Tasmania.

As pointed out in public submissions on conflict of interest concerns, there is a likelihood of conflict of interest arising when the Council is considering matters as a Planning Authority.

The Board interviewed the Councillor in question about his real or perceived conflict of interests when being a member of the Planning Authority whose decisions may confer a benefit to his real estate company.

Information was provided to the Board that listed every decision made by the Council acting as a Planning Authority during this Councillor's period of tenure.

That information shows three possible conflicts or perceived conflicts of interest:

- 17.004: 4 Walton Street – where the Councillor declared an interest and left the meeting, as his company was the selling agent.
- 17.029: Minor amendments to a planning permit at 16-24 Silver Hill Road, which was a 29 lot subdivision – The Councillor's company was one of two selling agents. The Councillor declared an interest and left the meeting.
- 17.027: A subdivision application for two lots at Frederick St Cygnet – The developer was the mother of one of the Councillor's real estate company's employee. The Councillor declared an interest and left the meeting.

A full list of the planning decisions for that period is contained in Appendix 12.

One of the public submissions raised concern over a number of matters including the development proposal at Bullock Hill. In addressing that specific query at interview, the Councillor stated that neither he nor his company had any interest and that the property is not listed for sale with his company.

The Board has considered these incidents and found no evidence that the councillor in question failed to declare a conflict interest in any of these instances.

An issue was also raised regarding a conflict of interest matter raised in relation to the Petty Session Jetty, which is considered in Section 4.4.4 of this Report. A further issue was raised in relation to the Council's deliberations regarding a review of corporate credit card usage. This issue is considered in Section 4.3.8 of this Report.

## Findings

F32 There was no evidence that a councillor with an interest in a local real estate company failed to declare a conflict of interest in relation to planning matters between November 2014 and October 2015.

## Recommendations

R35. Conflict of interest continues to be a significant part of induction and training for all new councillors in Tasmania. The Board recommends that this training is made mandatory.

### 4.3.4. Portfolio and Committee system

#### Issues

Concerns were raised in a number of submissions that the 'portfolio system' adopted by the Huon Valley Council to manage its areas of responsibility impedes communication and transparency between councillors and does not reflect best practice governance (refer to Appendix 3, and Sections 3, 4.2.3 and 4.3.5 of this Report).

#### Observations

The Act establishes the decision-making framework within which council decisions are made. This includes providing for the conduct of council meetings and the establishment of council committees to assist councils to carry out their functions under the Act.

Council committees can only be established under section 23 of the Act and are subject to the *Local Government (Meeting Procedures) Regulations 2015* (the Regulations). Under section 24 of the Act, councils also have the ability to establish special committees. It should be noted that councils cannot deal with their statutory functions through special committees established under section 24. It can only perform these functions through council committees established under section 23.

The Huon Valley Council has established three different types of committees, namely:

- *Council Committees* – established by the Council, comprising councillors only, to deal with statutory functions;
- *Advisory Committees* – program focused, chaired by a councillor with community or organisational representatives; and
- *Facility Management Committees* – for specific community facilities, comprising community members only.

There is also an additional layer of governance within the Huon Valley Council which is known as the portfolio system. The Council has identified 18 subject areas which are aligned with the Council's strategic plan. Each area is allocated to a portfolio councillor. The list of portfolios and associated allocation processes are attached in Appendix 3, and a list of council committees is found in Appendix 4.

The portfolio system is unique in Tasmania to the Huon Valley Council and advice from LGD indicates that the system is not covered by the Act. In any event, council decisions must be made through the proper processes established under the Act, ie through council committees and meetings.

The Board received complaints about the system from a number of councillors and the Mayor which centre on the process behind the allocation of portfolios. It is claimed that a certain faction within the Council are

allocated important portfolios regardless of whether they hold qualifications or have experience in the relevant area, while other councillors are marginalised and allocated minor portfolio areas unrelated to their field of expertise.

Unlike the Committee system, responsibilities for portfolio areas are exclusive to the portfolio holder. Evidence shows that in many cases a relationship is built directly between the portfolio holder and the senior council officer responsible for that area, and briefings and discussions occur exclusively at this level.

The Board could not find any protocol or process by which the portfolio holder is obliged to share the information gained during those meetings with the Council or the Mayor. The expectation is that when a particular matter is dealt with by full council, councillors defer to the portfolio holder as the 'expert' on the matter. The Board understands that workshops, which are voluntary and open to all elected members, are used for presenting portfolio information.

This is inconsistent with the collective decision-making responsibilities of councillors, as prescribed under section 28(2) of the Act, particularly section 28(2)(b) which requires councillors to determine and monitor the council's operations.

The portfolio system does not provide a satisfactory method of knowledge transfer, nor is it a practical way for councillors to contribute their expertise in a portfolio area not allocated to them. As mentioned in section 4.2.3 of this Report, a councillor cannot be expected to make informed decisions at Council meetings if they are not provided with the information and resources to do so. Without the adequate transfer of knowledge, councillors cannot fulfil this function. Such a system is difficult to maintain in a normal organisation but it becomes almost impossible in an organisation that is riven by distrust, lack of effective working relationships and conflicts, as is the case in this Council.

*"[The portfolio system] does not provide a satisfactory method of knowledge transfer, nor is it a practical way for councillors to contribute their expertise in a portfolio area not allocated to them."*

The Board considered a variety of options to improve the portfolio system. However, none were deemed satisfactory and the Board recommends that the portfolio system is disbanded, with portfolio areas aggregated into committees established under sections 23 and 24 of the Act, as appropriate. Each Council Committee established under section 23 of the Act should have at least two councillors as members, with equitable distribution of councillors to committees. Committee chairs should report to the full council on a regular basis to ensure knowledge transfer. Membership of Special Committees established under section 24 of the Act should be determined by need.

The Board also recommends that the Mayor is made an ex-officio member of council committees, thereby enabling him or her to determine their level of involvement across any or all areas of council responsibility.

The Board recommends that the selection criteria outlined in Appendix 3 should be used for selection of committee members. It also recommends that criteria (iii) *Interest or Skills relevant to the portfolio area* is given more weight by the Council when allocating councillors to committees.

## Findings

- F33. The Council's portfolio system operates outside the Act and council decisions must be made through the proper processes established under the Act, ie council committees and meetings.
- F34. Portfolio allocations and workshops are not satisfactory as a principle method of knowledge transfer.
- F35. Workshops are not a practical way for councillors to contribute their expertise in a portfolio area that is not allocated to them.

## Recommendations

- R36. Disband the portfolio system and aggregate portfolio areas into committees established under sections 23 and 24 of the Act, as appropriate.
- R37. Committee chairs to report to the Council on a regular basis to ensure knowledge transfer.
- R38. The Mayor should have the right to be an appointed or ex-officio member of all council committees.
- R39. Each Council Committee established under section 23 of the Act should have at least two councillors as members, with equitable distribution of councillors to committees. Membership of Special Committees established under section 24 of the Act should be determined by need.
- R40. The selection criteria outlined in Appendix 3 be used for selection of committee members with greater weight given to criteria (iii) *Interest or Skills relevant to the [committee] area.*

### 4.3.5. Planning

#### Issues

Concerns were raised that there was insufficient understanding of planning matters within the ranks of councillors. Because of the use of the portfolio system described in Section 4.3.4 of this Report, the scope for councillors to develop a better understanding is largely negated.

#### Observations

Planning and development activities facilitated by councils have significant repercussions for the municipality. One of the collective functions of a council under section 28(2) of the Act is to facilitate and encourage the planning and development of the municipal area in the best interests of the community. Therefore, it is important for all councillors to develop a high-level understanding of land-use planning over time. It was suggested that land use planning should form part of a mandatory training package for incoming councillors.

It was raised with the Board that the one councillor who has qualifications and professional expertise in planning and development was not allocated the planning portfolio.

As per the recommendation in Section 4.3.4 of this Report, the Board does not support the continuation of this system as it dilutes the development of knowledge and understanding in this important area, and does not enable those with specific skills and experience to contribute their expertise if they are not the portfolio holder.

It was also claimed that often there was insufficient time to consider land-use planning applications prior to consideration by the Council. However, it is the Board's view that there will always be a tension between ensuring council meeting papers are current and providing sufficient lead time for consideration by meeting participants.

There were allegations made by some members of the community that preferential treatment was given to some residents, including existing councillors, but the Board did not find any evidence of this.

It is the Board's view that planning remains a priority issue for councillors and the better informed councillors are in this area, the better the planning outcomes.

## Findings

F36. Planning remains a priority issue for councillors and the better informed councillors are in this area, the better the planning outcomes.

## Recommendations

R41. The issue of land-use planning is included in councillors' induction training.

### 4.3.6. *Tourism Development*

#### Issues

A number of issues and concerns were raised through the public submission process relating to the performance of the Council in promoting tourism and attracting visitors to the Huon Valley area.

#### Observations

The Council has been active in this area for a number of years with the main strategy for attracting visitors being the Huon Valley Trail, a joint endeavour with the Kingborough Council. The Huon Valley Council funds a position that is dedicated to tourism matters.

The Board notes the perception amongst some community members that promotion opportunities are being missed during what is considered a critical time in Tasmania for tourism growth. The Board was advised that a review of the Huon Valley Trail has recently concluded.

At the time of writing this report, the recommendations of that review had not been considered by its steering committee which, amongst others, includes members from both councils. The Board understands that the steering committee will consider the review in the near future and therefore makes no findings on this issue. The Board recommends that the tourism-related concerns raised through the Inquiry process be referred to the Joint Huon/Kingborough Tourism Steering Committee or other body, as appropriate.

## Recommendations

R42. Tourism-related concerns raised through the Inquiry's submission process should be referred to the Joint Huon/Kingborough Tourism Steering Committee or other body, as appropriate.

### 4.3.7. *Audit Panel processes*

#### Issues

The Mayor, Councillor Smith and members of the public raised concerns about Council's Audit Panel, including:

- the Panel's inability to investigate items that are not referred to it by full council; and
- the perceived lack of 'independence' of one of the independent members appointed to the Panel.

## Observations

Section 85 of Act requires that every council establishes an Audit Panel. These Panels were introduced in recognition of the need to maintain accountability in councils. Audit Panels operate as advisory committees who make recommendations to councils on strategic matters including council performance, corporate governance, legislative and policy compliance, risk management, internal control and decision-making.

The Huon Valley Audit Panel consists of two independent members, one of whom is the chairperson, and two councillors. This is consistent with the legislative requirements specified in orders 5 and 6 of the *Local Government (Audit Panel) Orders 2014* (Orders).

However, it is the Board's view that the processes adopted by the Huon Valley Council do not comply with the independent role that the Audit Panel is designed to fulfil under order 4(2) of the Orders, in that matters referred to the Audit Panel must go through the full council and be agreed by a majority of councillors before it is presented to the Panel for consideration. It was reported to the Board that one councillor who wanted a matter referred to the Audit Panel was not supported by sufficient councillors and therefore the matter could not be referred.

The Board considers this to be inconsistent with the purpose that underpins the establishment of Audit Panels. As the Audit Panel is tasked to review council performance across a number of areas, it should not be up to the Council to make a judgement about the Audit Panel's tasks. Under order 10 of the Orders, Audit Panels are to determine their own work plans, this includes relevant processes.

The Huon Valley Council has an Audit Panel Charter which was approved by the Council in June 2014. It was due to be reviewed prior to June 2015 and every two years thereafter. The Charter requires the Audit Panel to meet four times a year and authorises it to undertake specified tasks on the proviso that there are sufficient funds available. The Board is of the view that the Charter should include a provision to enable councillors to refer matters directly to the Audit Panel.

On the issue of the independence of the members of the Panel, the Board was advised by the Director of Local Government that there was no apparent conflict of interest.

The Board asked the GM and councillors about whether they thought the current processes were suitable for an independent body and the responses indicated they had either given little thought to it, or perhaps that a review was in order.

## Findings

- F37. The Huon Valley Audit Panel is not performing as an independent body as matters referred to it must be endorsed by the full council. As such, it is not able to properly discharge its functions under order 4(2) of the *Local Government (Audit Panels) Orders 2014*.
- F38. The Audit Panel Charter which was approved in 2014 was due for review in 2015.
- F39. There is no apparent conflict of interest of any independent members of the Audit Panel.
- F40. Funding of the Audit Panel may vary depending on the Council's other priorities.

## Recommendations

- R43. In accordance with section 10 of the *Local Government (Audit Panels) Order 2014*, the Audit Panel determines its own work plan, including processes.
- R44. The Council's Audit Panel Charter should include a provision to enable councillors to refer matters directly to the Audit Panel.
- R45. A specific funding allocation should be identified in the Council's annual budget to ensure the adequate functioning of the Audit Panel.

### 4.3.8. Credit card policy

#### Issue

Concerns were raised about the lack of independent process to ensure the GM's credit card usage is consistent with council policy.

#### Observations

In a report issued to the Council by the Auditor-General (AG) on the Council's accounting procedures and transactions for the 2013-14 financial year, the AG noted that under the Council's existing credit card policy, the GM was responsible for reviewing and authorising her own credit card usage. The report noted that "[t]he operational effectiveness of the controls in question may be compromised when a cardholder and authorising officer is the same person." The report recommended that an independent review process be implemented. Noting that section 64 of the Act only allows the GM to delegate functions to an employee of Council, a procedure was promptly introduced whereby a senior staff member reviewed the GM's credit card usage. However, no changes were made at that time to the Council's corporate credit card policy.

In September 2015, the AG acknowledged the changed procedures, noting however that the policy was yet to reflect the change, and recommended that the policy "be updated to include a requirement for the General Manager's monthly credit card statement to be authorised by a person independent from the General Manager."

Further to this, in noting a change of position to reflect 'best practice' the AG recommended that the Council incorporate into its new policy which was nearing finalisation, "a requirement for credit card purchases made by the General Manager to be disclosed to the Committee (for example the Governance Committee) on a regular basis."

Recommended changes to the policy were promptly made, introducing the new authorisation procedure and requiring a monthly report to be presented to the Governance Committee which detailed all transactions expended on the Executive Credit Cards of both the General Manager and the Mayor.

The Board is satisfied that the GM addressed all of the AG's recommendations. These changes are reflected in the Council's revised *Executive Credit Card Policy*, reissued in November 2015.

Prior to these changes being made to the Council's policy, in July 2015, the concerns prompted the Mayor to make several requests to the GM to provide the Council with details of all council credit card statements for a four-year period to discern patterns of usage. The GM stated that this request concerned 'operational matters' and that she did not have the time to comply with the Mayor's request. An Information Sheet prepared by LGD regarding access to information by councillors specifies the conditions under which the GM may refuse to fulfil information requests made by the Mayor. Information should be provided when it is sought in accordance with sections of the Act and refusals need to be provided in writing. A written refusal was provided to the Mayor, following a delay of four weeks.

At its January 2016 meeting, the Council approved a motion regarding the review of Council credit card usage, with a majority of five votes for and four votes against the motion.

The Council resolution required a report to be prepared by the GM for the April 2016 meeting on all credit card transactions for the Mayor, Acting Mayor, GM and Acting GM for the period relating to the 2012-13, 2013-14, 2014-15 and 2015-16 financial years. The resolution also authorised the Governance Committee to oversee the production of this report.

However, at its February 2016 meeting, a report was presented to the Council which included estimates of the lowest and highest costs to undertake this work. This report contained a recommendation that the implementation of the January 2016 Council resolution be delayed and considered by the Council as part of its 2016-17 budget development process.

Following some debate, the Council resolved to restrict the work to only include credit card payments for the period from 1 November 2014 to 29 February 2016; and that the Council would consider expanding this report to include earlier periods as part of its 2016-17 budget allocation.

At its March 2016 meeting, a motion was put and lost for a staged approach to a four-year review. The motion sought the provision of credit card statements at negligible cost for the four-year period, in order that the Council could then determine whether further detailed reporting, if any, would be required.

The Board notes that the Council has an obligation to assure ratepayers that the expenditure of public funds is in accordance with stated Council policies. The Board considers that the recent developments to restrict the agreed January position of Council to review the four years of credit card transactions by senior officers and elected members is not consistent with the Council's obligation to be accountable and transparent, particularly given the high levels of public interest in this matter.

Further to this a concern was raised during the submission process on the Board's Report, regarding potential failure to declare a conflict of interest during Council deliberations on this matter, by the Mayor and Councillor Wilson (who spent time as Acting Mayor during the four year period in question), and by the GM, under sections 48 and 55 of the Act, respectively. The Board has been subsequently advised by the Mayor and Councillor Wilson that they did not at any time use a council credit card. The Board recommends that the matter be referred to the Director of Local Government for investigation.

## Findings

- F41. In July 2014, the Auditor-General found that the Council did not have an independent process in place for reviewing the GM's credit card usage. The Council acted promptly and implemented a new procedure for a senior staff member to review GM credit card usage.
- F42. In September 2015, the AG found that the Council's credit card policy had not been updated to reflect the Council's change of practice.
- F43. A change in position by the Auditor General resulted in a further recommendation in September 2015, that the Council's credit card policy include a requirement for all credit card purchases made by the GM to be disclosed to the [Governance] Committee on a regular basis.
- F44. All recommendations made by the Auditor-General on credit card issues were promptly implemented by the GM and are reflected in the Council's *Executive Credit Card Policy*, endorsed by the Council in November 2015.
- F45. The Council's decisions in February and March 2016 to restrict the previously agreed review of executive credit card usage for the past four financial years is not consistent with the Council's obligation to be accountable and transparent to ratepayers, particularly given the high levels of community interest.
- F46. The GM did not respond within a reasonable timeframe to the Mayor's request for information in relation to credit card statements.

## Recommendations

- R46. For reasons of transparency and public confidence, and given the high levels of public interest in this matter, the Council should make corporate credit card statements publicly available for the past four financial years as soon as practicable.
- R47. Ensure that the credit card policy is provided to all council credit card holders and approval processes are accountable and transparent.
- R48. The Director of Local Government investigate whether there was a failure to declare a conflict of interest by the Mayor and Councillor Wilson under section 48 of the Act; and the GM under section 55 of the Act.

### 4.3.9. Financial performance and sustainability

The Board considered the financial performance and sustainability of the Council in the context of other Tasmanian councils of like size and structure.

The Board notes that all financial data referred to in this Report should be read in conjunction with the following reports:

- 2014-15 Huon Valley Council Annual Report  
<http://www.huonvalley.tas.gov.au/wp-content/uploads/2015/03/HVC-Annual-Report-2014-15-sm.pdf>
- 2014-15 Report of the Auditor-General  
<http://www.audit.tas.gov.au/media/Report-of-the-Auditor-General-No.-6-of-2015-16-Vol-3-2014-151.pdf>

Time series financial data shows the following movements over the past four years:

Huon Valley Council	2011-12	2012-13	2013-14	2014-15
Underlying Surplus	\$778,000	\$552,000	\$647,000	\$1,394,000
Net Financial Assets (Liabilities)	\$8,393,000	\$5,746,000	\$3,841,000	\$6,774,000
Road Asset Consumption Ratio	57%	57%	56%	61%
Asset Sustainability Ratio	116%	151%	108%	105%
Average Rates	\$887	\$968	\$989	\$1,020

Each year, the Auditor-General undertakes an audit of the financial statements of local government authorities. A range of tables and figures from this report provide comparative data, and can be found in Appendix 6. In previous years, a discrete summary for each council was included in the Auditor-General's Report. It provided a financial snapshot, with sections on financial sustainability, financial analysis and operational efficiency. The last of these summaries was produced in 2013-14 and is provided in Appendix 7 as it provides useful understanding of the Council's performance prior to the most recent council elections.

Major developments or variations between the 2013-14 and 2014-15 financial years are outlined below.

- A large increase in the underlying surplus, which is the result of a greater increase in total revenue than in total expenditure. It shows that costs incurred are being met by current ratepayers but are not being transferred to future ratepayers. The increase was predominately driven by:
  - an increase in rate revenue due to a general rate increase; and

- an increase in other revenue, primarily due to increased private works income and medical practices such as the Cygnet Medical Centre which had operated for a full year.

These increases were partially offset by the increase in expenditure for materials and contracts.

- A net surplus increase was primarily due to:
  - an increased underlying surplus as described above;
  - recognition of Land Under Roads for the first time; and
  - a Financial Assistance Grant received in advance.
- An increase in Total Assets and Net Assets was primarily driven by:
  - an increase in Property, Plant and Equipment, as a result of revaluation increments including Land Under Roads which was recognised for the first time; and
  - an increase in Cash held, which was the result of cash from operations, including a Financial Assistance Grant received in advance.

The Board noted that issues of concern raised with the Huon Valley Council management included:

- revaluation of roads (high);
- credit card policy (moderate);
- password policy (moderate); and
- risk management policy and register (moderate).

The Board is satisfied that the Council is taking steps to address these areas of concern in an appropriate manner.

The Council, when compared with other Tasmanian councils of like size and structure, is currently performing relatively well against financial performance and sustainability measures.

However, it is the Board's view that the dysfunctional conduct within the Council, particularly at leadership level, is affecting the Council's capacity to fulfil its strategic decision-making responsibilities under section 28(2) of the Act, and the long-term financial health of the Council may not be sustained.

This finding supports the Board's main recommendation that the councillors are dismissed under section 226(1) of the Act.

## Findings

- F47. The Council, when compared with other Tasmanian councils of like size and structure, is currently performing relatively well against financial performance and sustainability measures.
- F48. In the absence of well-functioning relationships at leadership level, the Council's capacity to discharge its strategic decision-making responsibilities and the long-term financial health of the Council is at risk.

#### 4.3.10. Management of council assets

##### Issues

The Board's Terms of Reference included a review of the management of the Council's assets. In addition, it received a number of submissions from business and the broader community regarding issues such as road maintenance, management of waste, and use of council-owned quarries.

##### Observations

The Board has reviewed council documentation including its Strategic Plan, Annual Plan, Asset Management Plans and the Capital Works Program to assist in its review of council assets.

The Council states in its current Annual Plan that *"to be financially sustainable in the future it must develop a budget which will enable the Council to fully maintain and replace its existing asset base of \$287 million (based on fair value of property, infrastructure, plant and equipment) as and when it falls due"*.

To operationalise this aim it allocates the equivalent of the annual depreciation on existing assets. It has done this for the last six years.

All new capital works are sourced from discretionary income streams.

The Board recognises this approach as a financially responsible approach to maintaining its asset base, including roads and stormwater infrastructure, at a level commensurate with its community's expectations.

The budget process involves all councillors and senior staff who, through a series of workshops, develop a budget which is then formally approved by the Council. The Council's Annual Plan includes a list of all assets on which money is to be spent, the amount, and the actions to be taken. Any change to that list, arising from unforeseen events or reconsideration of priorities, must be approved by the Council in a formal open session.

The Board has been advised that in relation to unsealed roads, for which a global figure is contained in the Annual Plan, the Council adopts an objective process for determining which roads are prioritised for maintenance. Further information about this process is contained in Appendix 8.

The Board assessed the ability of a councillor or senior staff member to reorder priorities without any scrutiny as negligible. This is important, as the Board received a small number of submissions alleging that individuals had manipulated the system to receive favourable outcomes in sealing or repairing roads. It is the Board's view that a robust, proper process is in place to manage council assets, and there is negligible likelihood of the system being manipulated for personal benefit.

##### Findings

- F49. The plans and processes for asset management are appropriate and are being followed.
- F50. The process for developing the budget for asset replacement and maintenance allows all councillors to have input and the results are made available to the community.

## 4.4. Specific Issues

### 4.4.1. Geeveston Town Hall

#### Issues

Public submissions raised concerns about a lack of community consultation and transparency surrounding the Council's decision to appoint a consultant to undertake a feasibility study on the future use of the Geeveston Town Hall, and the wasted expenditure on this process. The Mayor also raised concern about this issue, specifically the lack of council consultation by the relevant portfolio councillor, and poor communication from the GM during the decision-making process.

#### Observations

The Board received a number of complaints through the public submission process and from the Mayor about the Forest and Heritage Centre Consultancy contract for community consultation regarding the future uses for the Geeveston Town Hall.

The Board did not consider the reasons for awarding the consultancy, as the decision to do so was within the purview of the Council and senior staff, and no purpose is served by the Board making an assessment of this course of action.

*“... deficiencies in the consultative process, and the lack of transparency surrounding the reasons for decisions, illustrate the need for the Council to improve its effort to meet public expectations of information provision.”*

However, the Board is of the view that the alleged deficiencies in the consultative process, and the lack of transparency surrounding the reasons for decisions, illustrate the need for the Council to improve its effort to meet public expectations of information provision. This would help the community members to better understand why such decisions are made.

The poor relations between the Mayor, the GM and Councillor Wilson also had a negative impact on this issue. Being of high community interest, the dysfunctional behaviour around this issue further contributes to the negative perception within the community of the Council's ability to act in the community's best interests.

Councillor Wilson had proposed for the February 2014 council meeting a motion that \$40,000 be made available from council funds for a feasibility study of future uses for the Geeveston Town Hall.

In light of funds being made available from the State Government for this purpose, the Mayor considered that a smaller sum from council funds may be set aside for a contingency allocation only. Prior to that motion being moved, the Mayor had approached the GM to raise this issue with Councillor Wilson, with a view to amending the motion. The lines of communication between the Mayor, the GM and Councillor Wilson resulted in confusion and eventual allegations of bad faith and misleading information. The result was that the motion was not amended. This was partly contributed to by the limitations of the portfolio system which would be alleviated by the recommendations made in Section 4.3.4 of this Report.

In addition, issues were raised relating to a public meeting that Councillor Wilson attended which the Mayor was not informed of or invited to, and incorrect information provided to the Mayor about the timing of a meeting between the GM and the successful tenderer which was also attended by Councillor Wilson. The GM informed the Board that her advice to both Councillor Wilson and the Mayor was that their attendance was not required at that meeting, but Councillor Wilson chose to attend anyway. Incorrect meeting times were provided to both by email, and subsequently corrected, but due to system issues the messages did not reach the Mayor in a timely or complete manner.

It is instructive to note that the GM also advised that the meeting with the successful tenderer was attended by Councillor Wilson by virtue of his portfolio allocation (economic development) and that it was not usual practice to consult the Mayor in relation to which portfolio holder should be included in project-related discussions. It is the Board's view that the 'custom and practice' response is unreasonable when a new mayor who cannot know what he doesn't know is seeking clarification and understanding.

It is also instructive that both the GM and the Mayor have used this incident as proof of the unreasonable behaviour by the other. This is another example where there is agreement on the facts, but completely different views on what they demonstrate.

This encapsulates the fraught relationship between the parties, which was dealt with more fully in Section 4.1 of this Report. The Board makes no specific finding in relation to this incident but does note that this reinforces the need that there should be greater clarity in regard to expectations on provision of information or advice by the GM to the Mayor.

The Board also notes that the lack of working relationship between a GM and mayor contributes to the disproportionate escalation of small incidents of this nature. It notes that appropriate mechanisms do not currently exist to resolve communication barriers such as identified in this example. The Board's recommendation in Section 4.1.1 of this Report, to develop a *Statement of Expectations* between the Mayor and the GM, should include a section on information provision. The Board does not propose further recommendations in this Section.

#### 4.4.2. Cygnet Town Hall

##### Issues

Concerns were raised about the presence of asbestos in a storeroom at the Cygnet Town Hall, the safety risk this poses to the community, and the adequacy of the GM's response to these concerns.

##### Observations

Following the receipt of a complaint regarding the condition of a Council-owned facility, the Cygnet Town Hall, the Mayor inspected the area and immediately emailed the GM and portfolio holder with his concerns about the presence of asbestos. The Board heard that the GM's response to him was that it was an operational matter, and that he should not enter any area that had the possibility of non-inert asbestos. The GM stated in her evidence that she advised the Mayor that as soon as he became aware that the public could access the asbestos area he should have telephoned her and she would have taken immediate action. Information provided to the Board confirms that it was three weeks later that an asbestos specialist attended the site to assess and take appropriate action to resolve the immediate risk.

It is the Board's view that the Mayor was acting properly and in accordance with his functions under the Act when he visited the Town Hall and subsequently raised the matter with the GM.

In short, the Board is of the view that the Mayor acted in accordance with his role and responsibilities in raising the matter of asbestos with the GM but that the relationship or non-relationship that existed meant that there was a lack of adequate communication between the two of them on an important operational matter.

This matter again highlights the dysfunctional relationship between the GM and the Mayor and its effect on potentially dangerous situations.

The Board also considered the broader question of the management of asbestos by the Council, including the site of the former Franklin Football Club rooms, and

*“This matter again highlights the dysfunctional relationship between the GM and the Mayor and its effect on potentially dangerous situations.”*

notes the GM's statement that there is no risk to public health and safety as all treatment of asbestos has been in accordance with the relevant standards.

Evidence provided to the Board suggests that appropriate policies and procedures are in existence, including the existence of an asbestos register, and inspections are conducted every two years with remediation as required. However, given the public interest on this issue, it would be prudent for the Council to quell community concern by requesting that WorkSafe Tasmania conduct an audit to ensure that all asbestos policies, procedures and processes are current and applied as required, including at the Cygnet Town Hall and the recreation area that was established at the site of the former Franklin Football Club rooms.

### Findings

- F51. With regard to concerns about asbestos at the Cygnet Town Hall, the Mayor acted in accordance with his functions under the Act in inspecting the Town Hall and raising the issue with the GM.
- F52. Documents provided by the Council state that exposed asbestos contained in the Town Hall storeroom had been identified in the Council's asbestos register.

### Recommendations

- R49. The Council to request that WorkSafe Tasmania conduct an audit to ensure that all asbestos policies, procedures and processes are current and applied as required, including at the Cygnet Town Hall and the recreation area that was established at the site of the former Franklin Football Club rooms.

#### 4.4.3. *Cygnet Caravan Park*

##### Issues

Concerns were raised by the Mayor, Councillor Smith and members of the public regarding improper processes and a lack of transparency from the Council in renewing the lease of the Cygnet Caravan Park. Specific issues included:

- failure of the Council to publicly release information on the decision making process, and the terms of the lease.
- claims that the GM failed to review the terms of the original lease prior to its renewal, to ensure it reflected the recent council decision and ensure it was consistent with competitive neutrality principles;
- concerns that, at the time of the Council's decision, the potential existed for a conflict of interest with the lease renewal; and
- failure of the Council to refer the decision to renew the lease to the Council's Audit Panel.

## Observations

### Transparency

The Board received a number of complaints that the Council renewed the Cygnet Caravan Park lease to the existing leaseholder without any tender process. The decision to do so was based on the recommendation from council staff that the existing lease be renewed.

The Board notes that the reason for these complaints stems from the apparent lack of transparency of the process undertaken and the reasons for this decision. This again points to the Board's recommendation in Section 4.2.3 of this Report, that the Council should address the issue of transparency and, for matters that have a high level of public interest, communicate reasons for decisions.

Mayor Coad was not in office when this decision was made, and he raised concerns around the difficulty he had in obtaining relevant information from the GM on a number of issues relating to the lease. It is the Board's view that a mayor needs to be provided with timely information about council decisions in order that they can deal with constituent queries. In the Board's view, this is clearly within the Mayor's functions under section 27(1) of the Act. Evidence suggests that this did not occur.

### *Inconsistencies between terms of the lease and the Council's decision*

The Board is satisfied that there were no inconsistencies between the actual terms of the lease and the terms of the council decision to renew the lease. The issue was a fact checking one, and should have been resolved quickly and easily during regular exchange between the GM and the Mayor.

*"The issue was a fact checking one, and should have been resolved quickly and easily during regular exchange between the GM and the Mayor."*

It is the Board's view that both issues noted above highlight the dysfunctional relationship between the Mayor and the GM and the lack of ability to resolve issues or provide relevant information in a timely manner.

### *Consideration by Audit Committee*

The complaints which related to the failed attempt by some councillors to have the Audit Panel consider the issue was, in the Board's opinion, of greatest concern.

The decision not to refer the matter to the Audit Panel was made by the full council on the basis that the matter was not in the Charter of the Audit Panel. This exposes the situation whereby the Audit Panel can only receive complaints referred to it by council resolution, and is unable to deal with matters referred to it through any other process. In effect, this means that the Audit Panel does not make any rulings as to whether it should consider a matter, as this responsibility has been abrogated to the Council.

*"This exposes the situation whereby the Audit Panel can only receive complaints referred to it by council resolution, and is unable to deal with matters referred to it through any other process."*

The matter of the Audit Panel's function and terms of reference is dealt with in Section 4.3.7 of this Report. However, the Board would reiterate that an Audit Panel is a vital part of any council's accountability arrangements and it must have the

authority, at the very least, to independently determine whether it will deal with a matter or not. It is inappropriate for this power to be exercised by the Council itself.

The Board received a number of concerns about the granting and the renewal of the lease. Given the time period which relates to the tenure of the previous council and the time frame that the Board is dealing with

under its terms of reference it recommends that all matters relating to the Cygnet Caravan Park should be referred to the Audit Panel for a report back to the Council.

There were concerns expressed that for the granting of the lease process the mandatory application of competitive neutrality principles were not followed. This is a matter of concern and needs to be fully investigated by the Audit Panel. The Audit Panel should provide a report to the Council with recommendations on a process to be followed by the Council when it makes decisions about extending existing leases without putting them out for tender.

## Findings

- F53. Transparency was not provided to the community on the matter of the Cygnet Caravan Park lease extension.
- F54. The Mayor was not provided with timely historical information on Council decisions in order to deal with constituent queries.
- F55. No inconsistencies were found between the actual terms of the Cygnet Caravan Park lease and the terms of the council decision to renew the lease.
- F56. The application of competitive neutrality principles may not have been followed when considering the renewal of the Cygnet Caravan Park lease.
- F57. The Audit Panel has no mechanism to deal with issues presented to it by any avenue other than a full council decision.

## Recommendations

- R50. Information sought by the Mayor about council decisions relating to constituent queries should be provided in a timely manner.
- R51. All matters related to the Cygnet Caravan Park should be referred to the Audit Panel for consideration.

### 4.4.4. *Petty Sessions Jetty at Franklin*

#### Issues

The Mayor, Councillor Smith and some members of the business and local community raised concerns about the Petty Sessions Jetty at Franklin. These centred on allegations that:

- the Council failed to prevent public and commercial use of the jetty in circumstances where the jetty had not received planning approval; and
- a sitting councillor received direct benefit from the commercial use of the jetty.

#### Observations

The Mayor and several residents raised the issue that the jetty at Franklin adjacent to the Petty Sessions Restaurant had not been approved by the Council. Specifically, the complainants expressed concern about the safety of the construction, public risk and potential liability.

In addition, concerns were raised about an existing councillor who had conducted a river cruise business using the then unapproved structure. This is perceived by some as preferential treatment, as the structure

was erected in early 2014 presumably by the owner of the Petty Sessions Restaurant without seeking appropriate approval.

After being approached by some concerned residents, the Mayor raised the issue with the GM who told him that the situation “*is being addressed*”. Raising this again with the GM in November 2014 and April 2015 to no avail, the Mayor wrote to the GM in mid-July 2015 seeking a comprehensive report as to what actions the Council had taken to have the jetty approved or removed. The GM responded within a week, stating that there had been a meeting between the Council and Crown representatives where it was determined that the Crown would pursue the matter with the developer.

Owing to an apparent lack of progress, the Mayor again wrote to the GM in late July 2015, expressing concern about the potential for legal action should the development application for the jetty not be expedited. The Mayor saw this matter as a high priority.

A report was tabled at the council meeting held on 23 September 2015 where it was received and noted, but it contained no specific actions to resolve the matter. All councillors, including the Mayor, voted in support of this motion.

When questioned about this issue, the GM accepted that it had “*dragged on for some time*” but said this was largely due to the serious ill health of the developer (who later passed away) and complexities around determining which elements of the total structure were Council or Crown responsibility.

On the matter of public safety, the GM confirmed with the Board that a development application has now been lodged and noted that there was no indication of the structure being unsafe.

On the matter of potential for legal liability, the Board was advised that the Council's in-house lawyer sought informal advice from a commercial lawyer and the Council's insurance claims specialist and that it was satisfied that public liability risk was not a council concern.

Regarding conflict of interest, the Board found that the Councillor in question correctly declared his interest on this issue when the planning matter was brought to a council meeting in late 2015. The Board noted in February 2016 that the Councillor continued to use the unapproved structure.

Subsequent to the writing of the initial report, the planning application (DA-239/2014) was brought before the Council for resolution on 24 February 2016. Papers for that meeting state that the planning application was received by the Council on 5 December 2014, with an extension granted until 2 March 2016.

On 24 February 2016, a retrospective planning approval was granted, subject to eleven conditions. These included a condition that prohibits the use of the pontoon for commercial operations that commence from and end at the pontoon unless with separate Council approval; and a condition prohibiting the berthing of vessels at the floating pontoon for a period greater than three continuous days in any month.

On 1 March 2016, the Councillor removed his vessel from the facility.

It is the Board's view that, given the high public interest and potential effect on public safety, the matter was not afforded the appropriate level of priority.

The Board recommends that a process be developed to ensure that matters which potentially affect public safety and legal liability be afforded high priority in work allocation of the Council.

## Findings

- F58. On the matter of Petty Sessions Jetty, the Councillor in question correctly declared his conflict interest when this planning matter was brought to the Council.
- F59. The issue of the unapproved building and use of the Petty Sessions Jetty was not afforded the appropriate level of priority.

## Recommendations

- R52. A process be developed whereby matters that can potentially affect public safety and legal liability be afforded a high priority in work allocation of the Council.

### 4.4.5. Port Huon Sports Centre

#### Issue

The Mayor and some members of the public raised concerns about the Council's management of the Port Huon Sports Centre. These included:

- operational losses incurred by the Council in continuing to run the Centre;
- allegations that the GM failed to adequately communicate with the Mayor on the issue of retaining the Centre; and
- lack of transparency from the Council on the financial performance of the Centre.

#### Observations

The Mayor and the GM discussed the continued substantial losses incurred by the Port Huon Sports Centre which was running at approximately \$90,000 per annum, representing about one per cent of the Council's rate income. The Centre is council run and funded. According to the Mayor, the GM agreed that some rationalisation was needed. However, at a subsequent council workshop, council staff provided a presentation which supported the retention of the facility, irrespective of costs to the Council and the continued losses incurred.

The Mayor pointed to this matter as an example of the GM not keeping him informed. He also noted that the GM failed to advise him that the Council had made a successful application to the State Government, until this information was released publicly in May 2015.

The GM indicated that financial information relating to this facility was contained in the Council's annual Budget and Estimates Report and monthly financial reports to the Council. She also indicated that the Council regularly meets with local residents to canvas ideas for the operation of the Centre.

This is another example of the communication breakdown between the GM and the Mayor, and lack of transparency by the Council on issues of community concern. Both are considered in other sections of this report and as such, no further findings or recommendations will be made by the Board on this matter.

#### 4.4.6. Collateralised Debt Obligations

##### Issues

The Mayor and some members of the public raised concerns about the lack of information provided by the Council to explain the circumstances surrounding the Council's decision to invest approximately \$4 million in Collateralised Debt Obligations (CDOs) and the subsequent loss of this investment, with the Mayor calling for an independent investigation into this issue.

##### Observations

The issue of CDOs and the Council's role in investing in these financial products was raised in a number of public submissions.

CDOs are a complex financial product that a large number of organisations invested in around the world. These were sold as AAA rated investments, and their collapse was one of the triggers for the 2008 global financial crisis.

The Board considered the material provided to it through the submission process and other relevant information. It holds the view that it is not appropriate for it to make any findings on this matter for the following reasons:

- This issue relates to an historical decision made in 2008 by the Huon Valley Council and a number of other Tasmanian councils, well before the current Mayor and GM's appointments. The decision was made by a group of individuals most of whom are no longer in the Council.
- The matter of Tasmanian councils' involvement has been the subject of an Auditor-General's report which contained no adverse findings.
- There is current legal action being undertaken by the Council as they seek to recover the monies invested. It is therefore not appropriate for commentary to occur until that matter is resolved.

However, given the level of interest in the community on this matter it is recommended that once the legal action is resolved, a full account of the detail should be provided publicly by the Council to inform the community on this issue.

##### Recommendations

- R53. The Board recommends that, subject to confidentiality requirements, once the legal action is resolved, a full account of the detail behind the failed investment in collateralised debt obligations (CDOs) be made public by the Council to inform the community on this issue.

#### 4.4.7. Russell River

##### Issues

Claims of pollution of part of the Russell River and the time taken to resolve this issue.

##### Observations

While this example is of a discrete nature concerning a complaint from one ratepayer on a regulatory matter, and as such not a matter for Board consideration, it highlights a more systemic issue, being the lack of timeliness in council follow-up of a variety of long-standing issues. The Board recommends that a system is put into place to ensure timely follow-up of unresolved issues such as this, and the communication of progress to relevant stakeholders.

This specific issue relates to concerns about contamination of the Russell River at Lonnvale, attributed by the complainant to the discharge from the Huon Aquaculture Company Hatchery flow through ponds, located approximately three kilometres upstream from his property. The complainant advised both the Council and the Environment Protection Authority (EPA) of these concerns, including comments attributed to the then EPA Director in November 2014, that the matter “*should have been remedied some years ago*” and that “*there clearly has been a substantial impact on environmental amenity*”.

It appears that the Council served an Environmental Protection Notice (EPN) and follow up infringement notices. Subsequently the EPA advised that they were monitoring the river but that they had no legal control over the Huon Aquaculture Company.

At its October 2015 meeting, the Council agreed to write to the EPA requesting formal advice by 1 December 2015 on the status of the environmental water quality of the Russell River, and its quality and safety for use as drinking water for Lonnvale residents.

##### Findings

- F60. There is a lack of timeliness on council follow-up of long-standing issues, such as the water quality of the Russell River.

##### Recommendations

- R54. The Council continue to engage with the Environment Protection Authority (EPA) in order to resolve the matter of water quality for the Russell River.
- R55. The Council produce a regular *Issues Progress Report* to review unresolved issues and communicate progress to relevant stakeholders.

## 5. Conclusion

This Section details the overall conclusions that the Board has reached following the public submission process, the interviews, and the review of all documentation provided to the Board from a variety of sources.

### 5.1. Major findings

The main conclusion reached by the Board is that the Huon Valley Council is dysfunctional as a result of an unworkable relationship between the Mayor and the GM; between the Mayor and certain councillors; and between certain councillors. This is the result of a series of incidents involving irregular conduct between these parties which has ultimately seriously affected the operation of the Council. The effect of this is that there is minimal capacity for the Council to discharge its functions on an ongoing basis.

*“The main conclusion reached by the Board is that the Huon Valley Council is dysfunctional ... The effect of this is that there is minimal capacity for the Council to discharge its functions on an ongoing basis.”*

A circuit breaker is needed and needed quickly.

The Board reached this conclusion through its observation of the breakdown of all key relationships within the Council.

This unfortunate situation exists even though examination of the financial performance of the Council by just about any measure is sound. However, there are financial pressures facing the Council that require a substantive and clear-sighted response in order for the Council to maintain its current financial standing. The Council is in a position where it has an underlying surplus that needs to be considered and long-term decisions need to be made so as to maximise the benefits that this can bring to the Huon Valley community.

Similarly, after examination of the suite of policies across financial, human resources and capital assets, the Board believes that the strategies and policies underpinning the Council are sound. However, there were significant differences in opinions from submissions as to how effectively these policies are being implemented.

With the existing level of ill will and lack of trust amongst councillors and senior management, the Board does not believe that the current Council can deal with the long-term decisions it needs to make.

*“... the Board does not believe that the current Council can deal with the long-term decisions it needs to make.”*

All of the documentation that the Board has cited about good governance and best practice in local government emphasise that the key relationship in a well performing council is between the mayor and the GM. There is no working relationship in the Huon Valley Council between these key players.

The Board notes that in nearly all of the complaints between these two the facts of the incidents cited were not disputed. However, the interpretation of those facts and the conclusions drawn by the participants were in almost every case completely opposing.

There was no shared understanding of the rights and the responsibilities of both positions and that has impacted on both of the individuals to the extent that the resolution of almost any issue, however large or small, does not occur.

When this situation is combined with the personal enmities between various councillors and the Mayor, and between various councillors themselves, the result is a level of dysfunction and behaviours that is untenable and must be stopped.

The overwhelming view amongst councillors interviewed by the Board was that the only solution is to go to a fresh election, in one form or another, to bring the current situation to an end. It is the Board's view that if a fresh election is to be held, a reasonable period of time must be given between the end of this Council and any newly elected council.

*“The overwhelming view amongst councillors interviewed by the Board was that the only solution is to go to a fresh election, in one form or another, to bring the current situation to an end.”*

The Board observed during interviews and at the council meetings it attended that the situation has affected all the key parties in an adverse way and, if not stopped, may result in a level of personal stress that is not sustainable. It is the Board's view that this situation will worsen if not addressed

as a matter of priority.

It is also the Board's view that the dysfunction, if not addressed, may deter potential future councillors from seeking office. This is an outcome that is not in the best interest of the community and must be addressed.

It is usual practice in most organisations that experience breakdown in key relationships that intervention strategies are undertaken and a process followed. This might involve mediation, team building or development of protocols to guide transactions between key players.

The Board notes that this has not occurred at the Huon Valley Council but is of the view that the time for that has unfortunately passed, and it is unlikely that such a process would result in the restoration of relationships to a proper respectful and workable level.

*“... the dysfunction, if not addressed, may deter potential future councillors from seeking office. This is an outcome that is not in the best interest of the community.”*

This is further emphasised by the fact that all councillors interviewed were asked whether they thought this should be attempted in the current situation. All said that, in their view, it would not work.

## Major findings

- F1. The current unworkable relationship between the Mayor and the General Manager, between the Mayor and certain councillors and between certain councillors is highly irregular and renders the Council dysfunctional.
- F2. This irregular conduct has seriously affected the Council's operations. The dysfunction of its governance arrangements is impacting on the health and well-being of all parties and is beginning to affect the long-term performance of the Council.
- F3. Without immediate intervention, the impact of the behaviour on the Council's operations will undoubtedly get worse.
- F4. All parties should accept equal responsibility for the dysfunction. However, while the Minister has the power under section 226(1) of the Act to dismiss all councillors, including a mayor, there is no mechanism in the Act for the Minister to dismiss a council's general manager.

## 5.2. Major recommendations

Given the major findings, as outlined above, the Board makes the following major recommendations.

### Major recommendations

The Board recommends that

- R1. Pursuant to section 226(1)(b) of the Act, the Minister should recommend that the Governor by order dismiss the councillors and appoint a Commissioner under section 231 of the Act to perform the functions of the Council.
- R2. A new election is not called for a minimum period of 12 months.
- R3. The question of whether the Minister should have the power to dismiss a council's general manager should be referred to the review of the *Local Government Act 1993*.

### Alternative recommendations

Should the Minister decide not to exercise his power to dismiss the councillors under section 226(1)(b) of the Act, then:

- R4. Pursuant to section 225(2) of the Act, the Minister should direct the Council to:
  - (a) arrange mediation and formal conflict resolution with regard to the key relationships between the Council, Mayor and General Manager (GM);
  - (b) publicly commit to support and participate in these processes in good faith;
  - (c) develop a *Statement Of Expectations* to govern the relationship between the GM and Mayor, under the direction of the Director of Local Government;
  - (d) request that the Director of Local Government develop a set of indicators against which to assess whether key council relationships are functional;
  - (e) take such steps as are necessary to ensure that the Council meets the indicators developed under R4(d) within six months, as assessed under R4(f); and
  - (f) arrange for its performance against the indicators to be reviewed and assessed by the Director of Local Government and reported to the Minister every three months, for the life of the current Council.
- R5. If the Council fails to comply with any of recommendations R4(a)-(c) within six months, or fails to meet key indicators referred to in R4(d)-(f), then, pursuant to section 226(2) of the Act, the Minister should recommend that the Governor by order dismiss the councillors and appoint a Commissioner under section 231 of the Act to perform the functions of the Council until the next scheduled council elections (October 2018).

### Additional recommendations

Irrespective of whether a Commissioner is appointed or the current Council remains, the Board recommends that:

- R6. Where appropriate, the additional recommendations contained within this Report are implemented.

### 5.3. Further considerations

In order to assist the Board in its consideration of the large number of issues raised, it dealt with them in four main sections:

- *Section 4.1 Critical relationships* – between the Mayor and GM; Mayor and councillors; amongst a group of ‘like-minded’ councillors; and councillors and staff.
- *Section 4.2 Cultural and behavioural concerns* – including transparency, accountability and council conduct;
- *Section 4.3 Policy and process issues* – both internal to the Council and in dealings with third parties; and
- *Section 4.4 Specific issues* – the management of council projects, initiatives or community assets.

Section 4.1 *Critical Relationships* summarised the various incidents, claims, counterclaims between the Mayor, councillors and the GM, and their responses to the claims made against them.

The evidence provided did not isolate any single party as being the major cause of the dysfunction. The Board is of the view that all players bear some responsibility for the situation that now exists, and for the events that have led to the current impasse.

*“The evidence provided did not isolate any single party as being the major cause of the dysfunction.”*

The situation between the Mayor and GM was difficult from the commencement of the current Council’s term, with the election of a

*The situation between the Mayor and General Manager was difficult from the commencement of the current Council’s term, with the election of a new Mayor who had campaigned on a platform that was not supported by the majority of councillors who were also elected.*

new Mayor who had campaigned on a platform that was not supported by the majority of councillors who were also elected. The situation was compounded by the fact that the GM was also relatively new to the position.

From the outset, there was no common understanding between these two positions on their various rights and responsibilities, a situation that would be rectified with a *Statement of Expectations* between the parties, detailing exactly how they would work together, what is expected from both positions, time frames for providing information and a process for dealing with disagreements that arise from time to time.

In regard to concerns raised about the other three key relationship areas, the Board would like to emphasise that there are a number of systemic issues that should be addressed. Regardless of the future of the current Huon Valley Council, it is the Board’s view that the recommendations that attach to these sections should be considered by this or a future council and its management. Unless addressed, these problems will continue.

Section 4.2 dealt with a variety of cultural and behavioural concerns, including a significant number of complaints from electors on the lack of information and transparency about decisions made and reasons for decisions. This needs to be taken seriously by the Council. Strategies should be developed to maximise the amount of information that is made public, including the rationale behind the Council’s decisions.

The Board had the benefit of holding discussions with the Council and senior staff on a number of areas that were the subjects of complaints. In the vast majority of cases, the rationale was logical and the decisions appropriate. However, in a significant number of cases that information was either not made available to the

public, or was very difficult to access. This led to suspicion and ill-informed perceptions, which in turn led to ill-informed accusations that ranged from inappropriate behaviour through to corruption.

The Board found no evidence of corruption or major malfeasance.

The Council also needs to deal with a widely-held perception that it does not value innovation or ideas emanating from the community. The Council's mission statement and values highlight these as being important. It needs to determine how to operationalise these values.

*“[Lack of transparency] led to suspicion and ill-informed perceptions, which in turn led to ill-informed accusations...”*

This leads into Section 4.3 where the bulk of issues related to the way the Council engages and consults with its communities. Many residents who provided submissions felt that the Council's consultation processes are virtually non-existent or consist of lip service only, that the Council does not consult properly on issues of community importance or that when various views are put to the Council they do not receive a proper hearing.

The Board understands that it is difficult to satisfy a community's consultation expectations, especially when a matter to be considered is contested. The Board recommends that at some future point the Council reviews its consultation strategies and their implementation.

Other complaints related to staffing and appointments, and other process issues. The Board found that the HR policies, and guidelines in general, appear to be appropriate. However, given complaints about the perceived inconsistencies in policy implementation, a review of the Council's operations in various areas should be undertaken, as outlined in the Report.

Other matters considered by the Board related to governance structures, including the way in which the Council manages its responsibilities through its portfolio system. The Board is of the view that the current portfolio system is operating outside of the Act and not working effectively, and should be replaced by a committee structure. In addition, the Board found that the Audit Panel was not appropriately empowered to independently determine the matters it should consider.

The final area consisted of specific council projects and initiatives. These are dealt with in the Report as stand-alone issues with associated findings and recommendations. All findings and recommendations are collated in Sections 6 and 7 of this Report.

#### 5.4. Final words

The Board would like to gratefully acknowledge all who contributed to its work throughout every stage of the Inquiry, including the thoroughness and effort put into the submissions.

It was evident to the Board that the motivation behind the submissions was a genuine desire to make things better, and to have a council that can deliver a bright future for the Huon Valley.

The Board would also like to specifically commend the Mayor, councillors, the GM and senior staff who were interviewed, for their candour, cooperation and assistance, and for their strongly-held desire to make the Council operate with maximum effectiveness.

*“It was evident to the Board that the motivation behind the submissions was a genuine desire to make things better, and to have a council that can deliver a bright future for the Huon Valley.”*

While this Report highlights a number of current difficulties which the Council will need resolve in order to function well, the Board would like to express to the Minister that it holds the firm belief that Huon Valley has a bright future. The Board would like to wish residents, their elected members and council staff all the best for their future endeavours.

## 6. Summary of findings

### Major findings

The Board finds that:

- F1. The current unworkable relationship between the Mayor and the General Manager, between the Mayor and certain councillors and between certain councillors is highly irregular and renders the Council dysfunctional.
- F2. This irregular conduct has seriously affected the Council's operations. The dysfunction of its governance arrangements is impacting on the health and well-being of these parties and is beginning to affect the long-term performance of the Council.
- F3. Without immediate intervention, the impact of the dysfunctional behaviour on the Council's operations will undoubtedly get worse.
- F4. All parties should accept equal responsibility for the dysfunction. However, while the Minister has the power under section 226(1) of the Act to dismiss all councillors, including a mayor, there is no mechanism in the Act for the Minister to dismiss a council's general manager.

### Additional findings

- F5. The key relationship between the Mayor and the GM is dysfunctional and beyond repair, and is characterised by complete lack of trust and inability to deal with issues in a productive manner.
- F6. The strained relationship between the Mayor and the GM appears to be having a significant detrimental effect on the health and wellbeing of both.
- F7. No specific protocols or understandings were developed by the Mayor and the GM to govern their relationship.
- F8. No compelling evidence was found to suggest the breakdown between the Mayor and the GM was primarily caused by the actions of one party.
- F9. The complete lack of effective liaison between the Mayor and the GM is inconsistent with the intent of sections 27(1)(ba) and 62(1)(g) of the Act.
- F10. The timeliness (and often non-provision) of advice provided by the GM to the Mayor is an issue.
- F11. While the Mayor qualified his public statements as his own when they differed from a Council decision, these statements had the practical effect of undermining the position of the Council. This is inconsistent with the mayoral function to act as the spokesperson of the Council under section 27 of the Act.
- F12. There is no evidence to support the notion that a formal bloc exists or arrangements exist that bind any councillors to vote in a specific way.
- F13. The voting patterns and statements from all councillors at interviews reflect commonly held values and opinions of like-minded people.
- F14. Evidence was not found to support the assertion that the GM did not treat all councillors equally, however some staff with delegated functions acknowledged inconsistencies in their provision of information to certain councillors.
- F15. In some instances, the relationship between councillors and staff was determined by the level of trust that existed between the individuals.
- F16. The Council's practices do not always match its stated mission and values, which promote a community-centric approach to considering new ways of doing things.
- F17. The Mayor and several councillors have demonstrated inappropriate behaviour and in the Board's view may have failed on occasions to comply with the Council's Code of Conduct.

- F18. There was no evidence of corruption or major malfeasance.
- F19. There is greater need for transparency in council decisions to ensure that the Council meets its obligation to facilitate communication with the community under section 28(1)(c) of the Act.
- F20. Items considered in closed sessions are not transparent for reasons prescribed by the Act, and scrutiny must be applied to ensure those reasons are valid so that the maximum number of agenda items are considered in open council meetings.
- F21. Workshops are voluntary by nature and there is a risk that councillors who do not attend are not properly informed on matters coming before Council for decision. This has the potential to impede the ability of councillors to perform their individual and collective functions under section 28(1) and (2) of the Act.
- F22. The behaviour of some councillors at council meetings is unacceptable.
- F23. A long-standing divide exists on the Council between what has been referred to by the community as pro- and anti-development.
- F24. Some matters of significant public interest are being referred to closed council. Only matters that are properly within the scope of the regulations governing closed Council meetings should be considered in that forum and close scrutiny is required to ensure that this is the case.
- F25. A comprehensive policy and procedure on bullying and harassment has been developed. However, the volume of complaints received on this issue suggests that the Council needs to adopt a more proactive approach to ensure that bullying and harassment is not occurring.
- F26. A number of complaints initially referred to the GM were not pursued by complainants under the Council's policy and consequently, the GM took no further action.
- F27. A substantial number of residents who made submissions do not consider that they are being provided with important information by the Council.
- F28. A substantial number of residents who made submissions do not consider that they have appropriate mechanisms to have their views heard on decisions of significant importance to their communities.
- F29. Some disagreements between councillors are made public rather than resolved in-house.
- F30. No discernible increases in staff turnover have occurred since the Mayor was elected.
- F31. Subject to confidentiality requirements, greater transparency around recruitment decisions for senior appointments would assist the Council to reduce public perceptions of favouritism or bias. This could include providing a statement of key reasons for appointing a particular candidate above others.
- F32. There was no evidence that a councillor with an interest in a local real estate company failed to declare a conflict of interest in relation to planning matters between November 2014 and October 2015.
- F33. The Council's portfolio system operates outside the Act and council decisions must be made through the proper processes established under the Act, ie council committees and meetings.
- F34. Portfolio allocations and workshops are not satisfactory as a principle method of knowledge transfer.
- F35. Workshops are not a practical way for councillors to contribute their expertise in a portfolio area that is not allocated to them.
- F36. Planning remains a priority issue for councillors and the better informed councillors are in this area, the better the planning outcomes.
- F37. The Huon Valley Audit Panel is not performing as an independent body as matters referred to it must be endorsed by the full council. As such, it is not able to properly discharge its functions under order 4(2) of the Local Government (Audit Panels) Orders 2014.
- F38. The Audit Panel Charter which was approved in 2014 was due for review in 2015.

- F39. There is no apparent conflict of interest of any independent members of the Audit Panel.
- F40. Funding of the Audit Panel may vary depending on the Council's other priorities.
- F41. In July 2014, the Auditor-General found that the Council did not have an independent process in place for reviewing the GM's credit card usage. The Council acted promptly and implemented a new procedure for a senior staff member to review GM credit card usage.
- F42. In September 2015, the AG found that the Council's credit card policy had not been updated to reflect the Council's change of practice.
- F43. A change in position by the Auditor General resulted in a further recommendation in September 2015, that the Council's credit card policy include a requirement for all credit card purchases made by the GM to be disclosed to the [Governance] Committee on a regular basis.
- F44. All recommendations made by the Auditor-General on credit card issues were promptly implemented by the GM and are reflected in the Council's *Executive Credit Card Policy*, endorsed by the Council in November 2015.
- F45. The Council's decisions in February and March 2016 to restrict the previously agreed review of executive credit card usage for the past four financial years is not consistent with the Council's obligation to be accountable and transparent to ratepayers, particularly given the high levels of community interest.
- F46. The GM did not respond within a reasonable timeframe to the Mayor's request for information in relation to credit card statements.
- F47. The Council, when compared with other Tasmanian councils of like size and structure, is currently performing relatively well against financial performance and sustainability measures.
- F48. In the absence of well-functioning relationships at leadership level, the Council's capacity to discharge its strategic decision-making responsibilities and the long-term financial health of the Council is at risk.
- F49. The plans and processes for asset management are appropriate and are being followed.
- F50. The process for developing the budget for asset replacement and maintenance allows all councillors to have input and the results are made available to the community.
- F51. With regard to concerns about asbestos at the Cygnet Town Hall, the Mayor acted in accordance with his functions under the Act in inspecting the Town Hall and raising the issue with the GM.
- F52. While documents provided by the Council suggest that exposed asbestos contained in the Town Hall storeroom had been identified in the Council's asbestos register, there was an unreasonable delay in arranging for a qualified person to attend the site to assess the risk and take remedial action.
- F53. Transparency was not provided to the community on the matter of the Cygnet Caravan Park lease extension.
- F54. The Mayor was not provided with timely historical information on Council decisions in order to deal with constituent queries.
- F55. No inconsistencies were found between the actual terms of the Cygnet Caravan Park lease and the terms of the council decision to renew the lease.
- F56. The application of competitive neutrality principles may not have been followed when considering the renewal of the Cygnet Caravan Park lease.
- F57. The Audit Panel has no mechanism to deal with issues presented to it by any avenue other than a full council decision.
- F58. On the matter of Petty Sessions Jetty, the Councillor in question correctly declared his conflict of interest when this planning matter was brought to the Council.
- F59. The issue of the unapproved building and use of the Petty Sessions Jetty was not afforded the appropriate level of priority.
- F60. There is a lack of timeliness on council follow-up of long-standing issues, such as the water quality of the Russell River.

## 7. Summary of recommendations

### Major recommendations

The Board recommends that

- R1. Pursuant to section 226(1)(b) of the Act, the Minister should recommend that the Governor by order dismiss the councillors and appoint a Commissioner under section 231 of the Act to perform the functions of the Council.
- R2. A new election is not called for a minimum period of 12 months.
- R3. The question of whether the Minister should have the power to dismiss a council's general manager should be referred to the review of the *Local Government Act 1993*.

### Alternative recommendations

Should the Minister decide not to exercise his power to dismiss the councillors under section 226(1)(b) of the Act, then:

- R4. Pursuant to section 225(2) of the Act, the Minister should direct the Council to:
  - (a) arrange mediation and formal conflict resolution with regard to the key relationships between the Council, Mayor and General Manager (GM);
  - (b) publicly commit to support and participate in these processes in good faith;
  - (c) develop a *Statement Of Expectations* to govern the relationship between the GM and Mayor, under the direction of the Director of Local Government;
  - (d) request that the Director of Local Government develop a set of indicators against which to assess whether key council relationships are functional;
  - (e) take such steps as are necessary to ensure that the Council meets the indicators developed under R4(d) within six months, as assessed under R4(f); and
  - (f) arrange for its performance against the indicators to be reviewed and assessed by the Director of Local Government and reported to the Minister every three months, for the life of the current Council.
- R5. If the Council fails to comply with any of recommendations R4(a)-(c) within six months, or fails to meet key indicators referred to in R4(d)-(f), then, pursuant to section 226(2) of the Act, the Minister should recommend that the Governor by order dismiss the councillors and appoint a Commissioner under section 231 of the Act to perform the functions of the Council until the next scheduled council elections (October 2018).

Irrespective of whether a Commissioner is appointed or the current Council remains, the Board recommends that:

- R6. Where appropriate, the additional recommendations contained within this Report are implemented.

### Additional recommendations

- R7. The *Statement of Expectations* between the Mayor and the GM should include agreed protocols to fulfil their respective roles and functions under the Act, for endorsement by the full Council.
- R8. Should the Mayor and the GM be unable to develop an appropriate *Statement of Expectations*, the Director of Local Government is to assist the parties to develop the document.

- R9. When making public statements on issues the subject of a formal council decision, the Mayor should only speak on behalf of the Council's decisions.
- R10. When the Mayor's view differs from a council decision, his view should be put on record in the Council's meeting minutes.
- R11. Council meetings should be audio-recorded and audio-recordings made accessible to the public.
- R12. When responding to media or public enquiries about issues the subject of a formal council decision, the Mayor should refer enquirers to the minutes or the audio-recording of the relevant council meeting at which the issue was debated.
- R13. Recommendations R9 and R12 should not apply during the period of a council election.
- R14. The broader application of a mayor speaking only on behalf of council, and the use of audio-recordings for council meetings, should be referred to the review of the Act.
- R15. Consideration of additional legislative powers for mayors of Tasmanian councils should be referred to the review of the Act.
- R16. Mandatory training on roles and responsibilities should be undertaken by all newly elected representatives, with an additional leadership module for first-time mayors.
- R17. The GM should ensure fair and equitable treatment, including the provision of information, to all councillors.
- R18. At a future council meeting, the Council should consider its stated commitment to '*embrace diversity and new ideas*' with a view to developing a strategy to operationalise this value, assist in the fulfilment of the Council's mission statement and ensure that councillors are able to properly perform their functions under section 28 of the Act.
- R19. Following the commencement of the new statewide *Local Government Code of Conduct*, the Director of Local Government prioritises the delivery of training to the Huon Valley Council as soon as practicable.
- R20. The Council review and conform its communication and public information strategies against the eight characteristics of good governance outlined in the Good Governance Guide for Local Government in Tasmania.
- R21. High levels of scrutiny should be used to ascertain whether items listed for closed sessions satisfy the criteria in Regulation 15(2) Closed Meetings of the *Local Government (Meeting Procedures) Regulations*, with the emphasis on maximising agenda items to be dealt with in open council meetings.
- R22. Regulations 15(2) and 15(8) of the *Local Government (Meeting Procedures) Regulations* be referred to the review of the Act to ensure that councils maximise both the use of open council to consider agenda items and the public release of information considered in closed council meetings.
- R23. Information discussed in voluntary workshops should, where relevant to a council decision, be disclosed at council meetings and contained in council meeting papers, subject to any restrictions contained in the Act.
- R24. The press and residents wanting to know the reasons for decisions by individual councillors should be referred to the audio-recordings of council meetings.
- R25. For broader application, these transparency and accountability issues should be considered in the review of the Act.
- R26. Behavioural expectations relating to meeting conduct be included in mandatory training for all councillors.
- R27. The Mayor should be consulted by the GM when setting council meeting agendas.

- R28. The current policy on bullying and harassment be reviewed on a regular basis.
- R29. Senior management should proactively take steps to provide a supportive environment where staff can safely come forward with their complaints.
- R30. In all instances, the Council's processes to resolve bullying and harassment complaints should be followed. If a complaint cannot be resolved through this process, the complainant may refer it to WorkSafe Tasmania or other relevant authority for investigation.
- R31. The application of the Council's policy on bullying and harassment should be regularly monitored by councillors in accordance with section 28 of the Act.
- R32. In consultation with the community, the Council develop a communication and consultation plan covering internal and external communications and inclusive consultation processes.
- R33. The communication plan is to include behavioural protocols to ensure councillors avoid publicly criticising one another.
- R34. The Council develop a process for determining, monitoring and reviewing the application of all HR policies at regular intervals to ensure they are followed in every instance.
- R35. Conflict of interest continues to be a significant part of induction and training for all new councillors in Tasmania. The Board recommends that this training is made mandatory.
- R36. Disband the portfolio system and aggregate portfolio areas into committees established under section 23 and 24 of the Act, as appropriate.
- R37. Committee chairs to report to the Council on a regular basis to ensure knowledge transfer.
- R38. The Mayor should have the right to be an appointed or ex-officio member of all council committees.
- R39. Each Council Committee established under section 23 of the Act should have at least two councillors as members, with equitable distribution of councillors to committees. Membership of Special Committees established under section 24 of the Act should be determined by need.
- R40. The selection criteria outlined in Appendix 3 be used for selection of committee members with greater weight given to criteria (iii) *Interest or Skills relevant to the [committee] area*.
- R41. The issue of land-use planning is included in councillors' induction training.
- R42. Tourism-related concerns raised through the Inquiry's submission process should be referred to the Joint Huon/Kingborough Tourism Steering Committee or other body, as appropriate.
- R43. In accordance with section 10 of the *Local Government (Audit Panels) Order 2014*, the Audit Panel determines its own work plan, including processes.
- R44. The Council's Audit Panel Charter should include a provision to enable councillors to refer matters directly to the Audit Panel.
- R45. A specific funding allocation should be identified in the Council's annual budget to ensure the adequate functioning of the Audit Panel.
- R46. For reasons of transparency and public confidence, and given the high levels of public interest in this matter, the Council should make corporate credit card statements publicly available for the past four financial years as soon as practicable.
- R47. Ensure that the credit card policy is provided to all council credit card holders and approval processes are accountable and transparent.

- R48. The Director of Local Government investigate whether there was a failure to declare a conflict of interest by the Mayor and Councillor Wilson under section 48 of the Act; and the GM under section 55 of the Act.
- R49. The Council to request that WorkSafe Tasmania conduct an audit to ensure that all asbestos policies, procedures and processes are current and applied as required, including at the Cygnet Town Hall and the recreation area that was established at the site of the former Franklin Football Club rooms.
- R50. Information sought by the Mayor about council decisions relating to constituent queries should be provided in a timely manner.
- R51. All matters related to the Cygnet Caravan Park should be referred to the Audit Panel for consideration.
- R52. A process be developed whereby matters that can potentially affect public safety and legal liability be afforded a high priority in work allocation of the Council.
- R53. The Board recommends that, subject to confidentiality requirements, once the legal action is resolved, a full account of the detail behind the failed investment in collateralised debt obligations (CDOs) be made public by the Council to inform the community on this issue.
- R54. The Council continue to engage with the Environment Protection Authority (EPA) in order to resolve the matter of water quality for the Russell River.
- R55. The Council produce a regular *Issues Progress Report* to review unresolved issues and communicate progress to relevant stakeholders.

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BOARD OF INQUIRY INTO HUON VALLEY COUNCIL  
Local Government Act 1993 ("the Act") Part 13, division 1  
TERMS OF REFERENCE

The Board is to inquire into and make findings and recommendations with regard to:

1. The following matters:
  - representation and promotion of the decisions and policies of the Council by the Mayor;
  - the timeliness and quality of advice provided to the Mayor by senior staff;
  - the management of Council assets;
  - demands being placed on the General Manager by the Mayor and the requirement for the Council to provide a safe workplace;
  - implementation of financial policies and practices within the Council; and
  - compliance by elected representatives with the Council's Code of Conduct.
2. The governance arrangements and practices of the Huon Valley Council, with particular regard to:
  - Section 28 of the Act -compliance by elected members of Council with regard to their functions under the Act;
  - Section 27 of the Act — compliance by the Mayor with regard to his functions under the Act;
  - Section 62 of the Act — compliance by the General Manager in regard to functions and powers under the Act; and
  - Any other sections of the Act relevant to governance arrangements and practices within the Council.

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3. The subject matter of the formal complaints, or any other relevant governance issues concerning the Huon Valley Council lodged with the Director of Local Government or the Minister for Planning and Local Government in accordance with the Board of Inquiry's Instrument of Appointment.
4. In particular, whether any and, if so which, complaints should be investigated further by the Director, or referred by the Director to another relevant authority for investigation where the matter lies within that authority's legislative responsibilities.

The Board is to provide a report with findings recommendations to the Minister for Planning and Local Government by no later than 29 January 2016.



Hon Peter Gutwein MP  
Minister for Planning and Local Government

Dated: 18/11/2015

### Huon Valley Council Board of Inquiry

#### Inquiry Process

Stage	Description	Timeframe (indicative)
1 - Public submissions	<p>The Board of Inquiry will invite submissions addressing the Terms of Reference, including confirming inclusion of complaints referred to it by the Minister for Planning and Local Government &amp; Director of Local Government.</p> <p>This will be accompanied by public notices in the Hobart Mercury and Huon Valley News.</p>	By 9 October 2015
2 - Responses to issues/complaints	The Board of Inquiry will write to respondents providing them with a copy of issues/complaints and supporting information and request a response.	Respondents will be given two weeks to respond
3 - Conduct targeted interviews as necessary	The Board of Inquiry will interview relevant complainants, respondents and other affected persons as determined by the Board.	November/December 2015
4 - Prepare Final Report	<p>The Board of Inquiry will:</p> <ul style="list-style-type: none"> <li>- analyse and assess issues/complaints and evidence against relevant legislative and other requirements; and</li> <li>- provide its final report to the Minister with findings and recommendations.</li> </ul>	By 19 February 2016

## 5.7 Portfolio System

Council will operate a Portfolio system aligned with Council's Strategic Plan program areas as follows:

- Aged Care & Housing
- Children's Services & Education
- Community & Cultural Development
- Community Relations & Customer Service
- Development Services
- Economic Development
- Emergency Management & Community Safety
- Environmental Management
- Finance & Risk
- Information Technology
- Parks & Property Maintenance
- Recreation
- Rural Health
- Stormwater
- Tourism Promotion
- Transportation
- Waste Management
- Youth Services

Portfolio Holders are expected to:

- Take a particular interest in the subject for which they hold the portfolio and familiarise themselves with media articles and publications about the subject matter.
- Chair the meetings held of associated committees
- Speak to any reports tabled at the committee meetings or at Council meetings
- Participate in discussions and involvement to focus at the strategic (rather than operational) level
- Represent the Council when needed in relation to portfolio related matters
- Participate as Council's representative on Local Government and External Bodies and are the "Council Face" on the issue

Portfolio holders may issue media releases on behalf of the Council only if the content of those releases complies with the following:

- Directly relates to the Councillors Portfolio area
- Is consistent with Council Policy and Council decisions
- The Mayor is advised of all such releases to be provided to the media and agrees to the release
- Contact with the media is through arrangements approved by the Mayor and the General Manager

Portfolio holders:

- cannot direct Employees
- have no specific delegation
- must abide by and promote Council decisions
- must abide by Council policies

The portfolio allocation process is:

- i. Councillors are invited to lodge an expression of interest within 7 days, addressing the selection criteria for portfolio(s).
- ii. The Mayor prepares a Portfolio Recommendations Report evaluating applications and makes a recommendation portfolio allocations to the Governance Committee

- iii. The Governance Committee reviews the Portfolio Recommendations Report and may make amendments, resulting in a Portfolio Recommendations Summary
- iv. The Portfolio Recommendations Summary from the Governance Committee is presented to Council.

Councillors are to address each of the following selection criteria for portfolios (to a maximum of 200 words each criteria):

- i. Ability to work as a team with public, staff and in particular the General Manager and Executive Managers.
- ii. Availability to undertake the necessary functions required within the portfolio area
- iii. Interest or skills relevant to the portfolio area

Portfolio allocations will also take into consideration the alignment of service delivery areas, equity in workload and responsibility, and involvement of a maximum of two Executive Managers with any one Councillor's portfolios. Each Councillor is to be allocated at least one portfolio.

In the absence of an allocated portfolio holder the Mayor may appoint a Councillor to undertake the functions relevant to a portfolio including but not limited to chairing of committee meetings or attending at representative bodies for a specified period.

Councillor	Portfolio
Cr Peter Coad (Mayor)	Information Technology Finance & Risk
Cr Ian Paul (Deputy Mayor)	Emergency Management & Community Safety Transportation
Cr Bruce Heron	Recreation Rural Health
Cr Liz Smith	Environmental Management Parks & Property Management
Cr Mike Wilson (Deputy Mayor to Oct 2014)	Economic Development Children's Services & Education
Cr Rosalie Woodruff (until August 2015) Cr Ian MacKintosh (interim)	Community & Cultural Development Waste Management
Dr Lydia Eastley	Youth Services Community Relations & Customer Service
Cr Ken Studley	Stormwater Tourism Promotion
Cr Pavel Ruzicka	Aged Care & Housing Development Services

## Special committees of Council

The Huon Valley Council has the following special committees of Council established under section 24 of the *Local Government Act 1993*:

### Advisory committees \*Councillors until Oct 2014

*The Council operates a suite of advisory committees that are usually program-area focussed. These committees are chaired by the relevant Council portfolio holder and consist of community members or representatives of identified bodies. These committees are strategic in nature and are involved in either the development of a specific strategy or the implementation of a Council-approved strategy. These committees are charged with the responsibility of the formalising recommendations to Council and have no specific delegation in their own right.*

- Access Advisory Committee (Chairs: Cr Robert Armstrong\*/Cr Bruce Heron)
- Arts & Heritage Advisory Committee (Chair: Cr Rosalie Woodruff)
- Burtons Reserve Management Advisory Committee (Chairs: Cr Tony Duggan\*/Cr Liz Smith)
- Economic Development Advisory Committee (Chair: Cr Mike Wilson)
- Huon Valley Emergency Management Advisory Committee (established under section 22, *Emergency Management Act 2006*. (Chairs: Cr Bruce Heron/Cr Ian Paul)
- Huonville Recreation Area Management Advisory Committee (Chairs: Cr Ian Paul/Cr Bruce Heron)
- Marine Facilities Development Advisory Committee (Chairs: Cr Tony Duggan\*/Cr Bruce Heron)
- Natural Resource Management Advisory Committee (Chair: Cr Liz Smith)
- Positive Ageing Advisory Committee (Chairs: Cr Robert Armstrong\*/Cr Pav Ruzicka)
- Ranelagh Recreation Area Management Advisory Committee (Chairs: Cr Ian Paul/Cr Bruce Heron)
- Youth Advisory Committee (Chairs: Rohan Gudden\*/Cr Lydia Eastley)

### Facility management committees (comm.)

*The Council establishes management committees to assume responsibility for specific community facilities. These committees consist solely of community members and work with a high degree of autonomy. The Council has developed specific terms of reference for each of the committees and provides them with an annual financial allocation to assist with the operational costs of the facility. The Council undertakes an annual audit of the accounts of each of the committees and a summary of their financial situation is included in the Council's annual financial statement. Each of the committees is required to hold an annual general meeting. The appointment of office bearers elected at each of the AGMs is subsequently endorsed by the Council.*

- Cradoc Park Management Comm.
- Dover Oval Clubrooms Management Comm.
- Geeveston Community Hall Management Comm.
- Glen Huon Hall Management Comm.
- Judbury Community Centre Management Comm.
- Pelverata Hall Management Comm.
- Huonville Guide & Scout Hall Management Comm.
- Palais Theatre Management Comm.
- Ranelagh Soldiers Memorial Hall Management Comm.
- Southport Community Centre Management Comm.
- Surges Bay Hall Management Comm.
- Tasmanian Forest Memorial Management Comm.

### Council committees

*These committees have been established by the Council and consist of councillors. The committee meetings are not open to the public, however the committees have no delegation in their own right and are charged with providing recommendations to the Council. The minutes from the committee meetings are publicly available as an attachment to the Council agenda when considered at an ordinary meeting of Council.*

- Finance & Risk Management Committee (Chair: Cr Amy Robertson)
- Governance Committee (Chairs: Cr Robert Armstrong\*/Cr Peter Coad)

### Informal committees (not special committees)

- Huon Valley/Kingborough Tourism Steering Committee
- Road Safety Working Group

### Audit Panel

*Constituted in accordance with Section 85 of the *Local Government Act 1993*, the Audit Panel meets on a regular basis and is structured to assist the Huon Valley Council in fulfilling its corporate governance and oversight responsibilities in relation to financial reports and financial reporting processes, internal control structures, risk management systems (financial and non-financial) and internal and external audit processes. A key benefit of an Audit Panel is that it provides independent assurance on key council activities in these areas.*

- Audit Panel (Independent Chair: Alison Flakemore)

## Our commitment

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### Our vision

From Sleeping Beauty to the Southern Ocean, prosperous, vibrant communities in the Huon Valley, live, work and learn together, enjoying beautiful rural landscapes, waterways and a healthy natural environment

### Our mission

Our mission is to work in partnership with the community and other stakeholders to improve the quality of life for the people in the Huon Valley, by investing in a dynamic, sustainable and equitable future

### Our values

In all our dealings we will:

- be open, fair and honest
- respect our people, land and future
- embrace diversity and new ideas
- pursue community cohesion

### Our strategic focus areas

#### *A sense of place*

The essence of the Huon Valley is the combination of its natural environment and the patchwork of towns and settlements that support communities who draw their inspiration and lifestyle from natural, cultural and heritage connections.

#### *A dynamic economy*

Future prosperity and jobs are built on the creative and sustainable interaction of the Valley's rich and diverse natural resources with the ingenuity of community, companies and individuals and their connectedness to the values of the Huon Valley brand.

#### *A connected and thriving community*

The spirit of community and its partnership with the Council creates a tangible and special connection that supports cohesion, a sense of wellbeing, and shared values that promote healthy lifestyles and the delivery of services when needed.

#### *A service orientation*

Customers and community are at the centre of the service system and services of the Council reflect genuine community collaboration, best practice delivery and process integrity.

#### *A high performance organisation*

The Huon Valley Council effectively participates in the development of local government in Tasmania and is widely regarded for its leadership, professionalism, innovation and quality of service delivery.

## Excerpts from the Tasmanian Auditor-General's Report

The information found in this Appendix is sourced from the *Tasmanian Auditor-General's report on financial statements for local government* for the 2014-15 period, and should be read with caution due to numerous factors unique to each municipality, such as size of commercial sectors, movements in capital property values, number of rateable properties, population sizes, and a range of other factors.

For the purposes of this Report, Huon Valley Council data has been grouped with data for councils of similar size and structure including Derwent Valley, Northern Midlands, Waratah-Wynyard, Sorell and Meander Valley Councils. These councils are classified as *Rural Agricultural, Very Large*. No measure should be read in isolation, but should be read alongside the full Auditor-General's Report found at

<http://www.audit.tas.gov.au/media/Report-of-the-Auditor-General-No.-6-of-2015-16-Vol-3-2014-151.pdf>

### Comparative Analysis

Figure 1. Demographics – 2014-15

Bn

Council	Population	Area in Square Kilometres	Population Per Square Kilometre	Number of Rateable Valuations	Number of Rateable Valuations Per Square Kilometre	Average Rateable Valuations Per Head of Population
Derwent Valley	9 997	4 108	2.4	5 193	1.3	0.5
<b>Huon Valley</b>	<b>16 273</b>	<b>5 507</b>	<b>3.0</b>	<b>10 426</b>	<b>1.9</b>	<b>0.6</b>
Meander Valley	19 575	3 330	5.9	9 823	2.9	0.5
Northern Midlands	12 775	5 137	2.5	6 751	1.3	0.5
Sorell	13 779	584	23.6	8 670	14.9	0.6
Waratah-Wynyard	14 304	3 531	4.1	7 543	2.1	0.5
<b>Average per Council 2014-15</b>	<b>14 451</b>	<b>3 700</b>	<b>6.9</b>	<b>8 068</b>	<b>4.1</b>	<b>0.6</b>
<b>Average per Council 2013-14</b>	<b>17 695</b>	<b>2 345</b>	<b>60.9</b>	<b>9 281</b>	<b>29.0</b>	<b>0.7</b>

Figure 2. Employee Costs 2014-15 (refer also to Figure 19 for explanation of high staff numbers and corresponding costs)

Council	Total Employee Costs \$'000s	FTEs No.	Average Cost per FTE * \$'000s	FTE per 1000 Population No.	Total Labour Costs to Operating Revenue %	Total Labour Costs to Operating Expenditure %	Provisions for Employee Entitlements \$'000s	Employee Entitlements per FTE \$
Derwent Valley	3 830	51	75	5.1	32.26	33.3	1 826	35 804
<b>Huon Valley</b>	<b>9 418</b>	<b>124</b>	<b>76</b>	<b>7.6</b>	<b>42.01</b>	<b>44.8</b>	<b>1 951</b>	<b>15 734</b>
Meander Valley	6 303	82	77	4.2	33.00	35.2	1 431	17 451
Northern Midlands	4 788	58	83	4.5	29.30	28.6	1 187	20 466
Sorell	5 298	68	78	4.9	30.39	36.4	1 051	15 467
Waratah-Wynyard	6 281	84	75	5.8	37.44	36.7	1 715	20 523
<b>Average per Council</b>	<b>5 986</b>	<b>78</b>	<b>77</b>	<b>5.4</b>	<b>34.1</b>	<b>35.8</b>	<b>1 527</b>	<b>20 907</b>
<b>Average per Council 2013-14</b>	<b>9 253</b>	<b>117</b>	<b>76</b>	<b>8.2</b>	<b>35.7</b>	<b>35.2</b>	<b>2 158</b>	<b>17 665</b>

\* Staff costs include capitalised salaries and wages

Figure 3. Comprehensive Income Statements – 2014-15

	Operating Revenue *	Non-Operating Revenue *	Total Revenue	Operating Expenditure	Non-Operating Expenditure **	Total Expenditure	Underlying Surplus/ (Deficit)	Net Surplus (Deficit)	Net Surplus/ (Deficit) to Total Revenue	Comprehensive Surplus/ (Deficit)	Operating Surplus Ratio	Self Financing Ratio
Council	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	%	\$'000s	%	%
Derwent Valley	11 872	983	12 855	11 496	-	11 496	376	1 359	10.6	3 674	3.2	12.4
<b>Huon Valley</b>	<b>22 418</b>	<b>25 534</b>	<b>47 952</b>	<b>21 024</b>	<b>769</b>	<b>21 793</b>	<b>1 394</b>	<b>26 159</b>	<b>54.6</b>	<b>56 044</b>	<b>6.2</b>	<b>18.4</b>
Meander Valley	19 099	3 348	22 447	17 890	6	17 896	1 209	4 551	20.3	4 841	6.0	41.0
Northern Midlands	16 341	3 716	20 057	16 731	-	16 731	(390)	3 326	16.6	18 124	(2.4)	46.4
Sorell	17 434	2 943	20 377	14 551	-	14 551	2 883	5 826	28.6	8 255	16.5	44.4
Waratah-Wynyard	16 775	26 426	43 201	17 128	26	17 154	(353)	26 047	60.3	18 362	(2.1)	38.8
<b>Average per Council</b>	<b>17 323</b>	<b>10 492</b>	<b>27 815</b>	<b>16 470</b>	<b>134</b>	<b>16 604</b>	<b>853</b>	<b>11 211</b>	<b>31.8</b>	<b>18 217</b>	<b>4.6</b>	<b>33.6</b>
<b>Average per Council 2013-14</b>	<b>24 329</b>	<b>2 865</b>	<b>27 194</b>	<b>24 386</b>	<b>750</b>	<b>25 136</b>	<b>(57)</b>	<b>2 069</b>	<b>2.1</b>	<b>(6 549)</b>	<b>(0.9)</b>	<b>15.5</b>

\* Operating revenue excludes 2015-16 Financial Assistance Grant received in June 2015.

\*\* Non-operating revenue and expenditure include capital grants, contributed assets and revaluation and impairment adjustments. Also, Non-operating revenue includes the net result of Financial Assistance Grant received in advance.

Figure 4. Comprehensive Income Statements – 2014-15 (continued)

## Comprehensive Income Statements - 2014-15 (continued)

	Rate Revenue	Rate Revenue to Operating Revenue	Average Rate Per Rateable Valuation	Rate Revenue Per Head of Population	Operating costs per Rateable Valuation	Councils' Own Source Revenue	Councils' Own Source Revenue to Operating Revenue	Operating Government Grants *	Operating Grants per Head of population	Operating Government Grants to Operating Revenue	Depreciation to Operating Revenue
Council	\$'000s	%	\$	\$	\$	\$'000s	%	\$'000s	\$	%	%
Derwent Valley	5 944	50.1	1 145	595	2 214	8 182	68.9	3 690	369	31.1	19.6
<b>Huon Valley</b>	<b>10 630</b>	<b>47.4</b>	<b>1 020</b>	<b>653</b>	<b>2 016</b>	<b>18 658</b>	<b>83.2</b>	<b>3 760</b>	<b>231</b>	<b>16.8</b>	<b>27.2</b>
Meander Valley	10 378	54.3	1 057	530	1 821	14 066	73.6	5 033	257	26.4	25.3
Northern Midlands	9 170	56.1	1 358	718	2 478	12 349	75.6	3 992	312	24.4	31.3
Sorell	11 106	63.7	1 281	806	1 678	13 962	80.1	3 472	252	19.9	24.0
Waratah-Wynyard	10 060	60.0	1 334	703	2 271	13 654	81.4	3 121	218	18.6	24.5
<b>Average per Council</b>	<b>9 548</b>	<b>55.3</b>	<b>1 199</b>	<b>668</b>	<b>2 080</b>	<b>13 479</b>	<b>77.1</b>	<b>3 845</b>	<b>273</b>	<b>22.9</b>	<b>25.3</b>
<b>Average per Council 2013-14</b>	<b>14 646</b>	<b>56.1</b>	<b>1 373</b>	<b>910</b>	<b>2 530</b>	<b>21 184</b>	<b>80.0</b>	<b>3 145</b>	<b>384</b>	<b>20.0</b>	<b>25.4</b>

\* Operating grant revenue excludes 2015-16 Financial Assistance Grant received in June 2015.

\*\* First year ratio has been included in Comparative Analysis

\*\*\* Operating costs per Rateable Valuation calculated on Council's financial information excluding subsidiaries.

Figure 5. Statement of Financial Position – 2014-15

	Current Assets	Current Liabilities	Working Capital	Current Ratio	Net Financial Liabilities Ratio *	Non-Current Assets	Non Current Liabilities	Loan Debt	Interest coverage	Indebtedness Ratio	Rate Debtors	Rate Debtors to Rates Raised
Council	\$000	\$000	\$'000s	No.	%	\$'000s	\$'000s	\$'000s	%	%	\$'000s	%
Derwent Valley	2 190	2 831	( 641)	0.8	(23.3)	100 180	2 796	2 943	7.68	5.50	540	9.08
Huon Valley	10 327	3 173	7 154	3.3	30.2	263 548	255	0	-	1.25	332	3.12
Meander Valley	23 931	2 205	21 726	10.9	79.4	223 684	6 154	3 600	- 37.13	3.38	522	5.03
Northern Midlands	12 073	1 956	10 117	6.2	60.8	267 055	148	0	-	0.75	1 018	11.10
Sorell	7 463	2 594	4 869	2.9	11.8	221 944	2 702	2 876	38.66	2.31	151	1.36
Waratah-Wynyard	10 099	2 872	7 227	3.5	36.6	192 852	312	11	-	1.57	399	3.97
<b>Average per Council</b>	<b>11 014</b>	<b>2 605</b>	<b>8 409</b>	<b>4.6</b>	<b>32.6</b>	<b>211 544</b>	<b>2 061</b>	<b>1 572</b>	<b>1.5</b>	<b>2.5</b>	<b>494</b>	<b>5.6</b>
<b>Average per Council 2013-14</b>	<b>13 795</b>	<b>4 684</b>	<b>9 111</b>	<b>4.1</b>	<b>30.6</b>	<b>291 886</b>	<b>4 106</b>	<b>3 014</b>	<b>54.2</b>	<b>2.6</b>	<b>545</b>	<b>5.5</b>

Figure 6. Statement of Financial Position – 2014-15 (continued)

	Payments for Property, Plant & Equipment	Depreciation \$000	Total Capital Expenditure to Depreciation Ratio	Rate Revenue to Property, Plant and Equipment	Property, Plant and Equipment per Square Kilometre	Property, Plant and Equipment per Head of Population	Property, Plant and Equipment per Rateable Valuation
Council	\$'000s		%	%	\$	\$	\$
Derwent Valley	4 539	2 327	195.1	13.5	19 481	8 005	15 411
Huon Valley	7 491	6 108	122.6	21.7	41 883	14 175	22 124
Meander Valley	6 197	4 840	128.0	16.6	51 676	8 792	17 520
Northern Midlands	4 652	5 112	91.0	24.9	44 397	17 851	33 779
Sorell	6 831	4 185	163.2	17.6	334 900	14 187	22 547
Waratah-Wynyard	4 140	4 108	100.8	14.8	42 294	10 440	19 798
<b>Average per Council</b>	<b>5 642</b>	<b>4 447</b>	<b>133.5</b>	<b>18.2</b>	<b>89 105</b>	<b>12 242</b>	<b>21 863</b>
<b>Average per Council 2013-14</b>	<b>7 368</b>	<b>5 479</b>	<b>134.8</b>	<b>18.9</b>	<b>762 694</b>	<b>17 293</b>	<b>24 370</b>

Figure 7. Four-year average Operating Surplus ratio

This ratio serves as an overall measure of financial operating effectiveness. To assure long term financial sustainability, councils should, at a minimum, budget and operate to break even, thereby avoiding operating (also referred to as ‘underlying’) deficits. Doing so would enable councils to generate sufficient revenue to fulfil their operating requirements including coverage of their depreciation charges. Breaking even is represented by an operating surplus ratio of zero or greater.

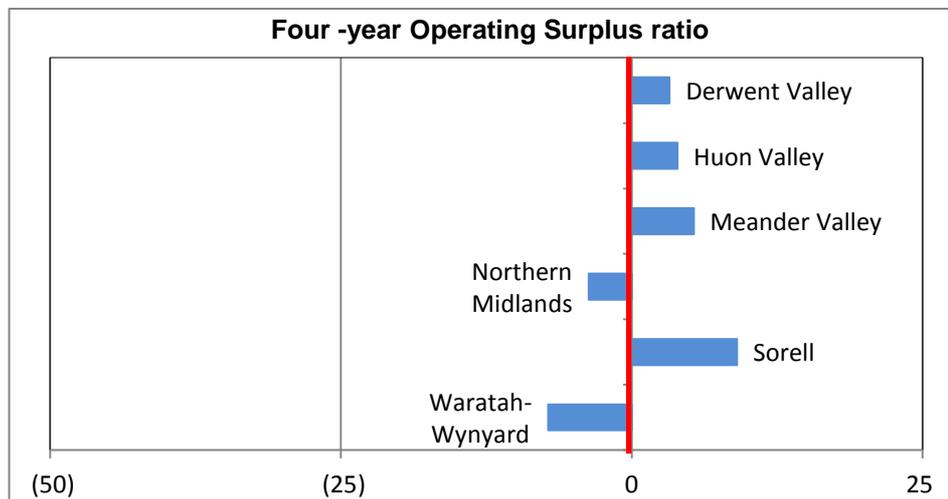
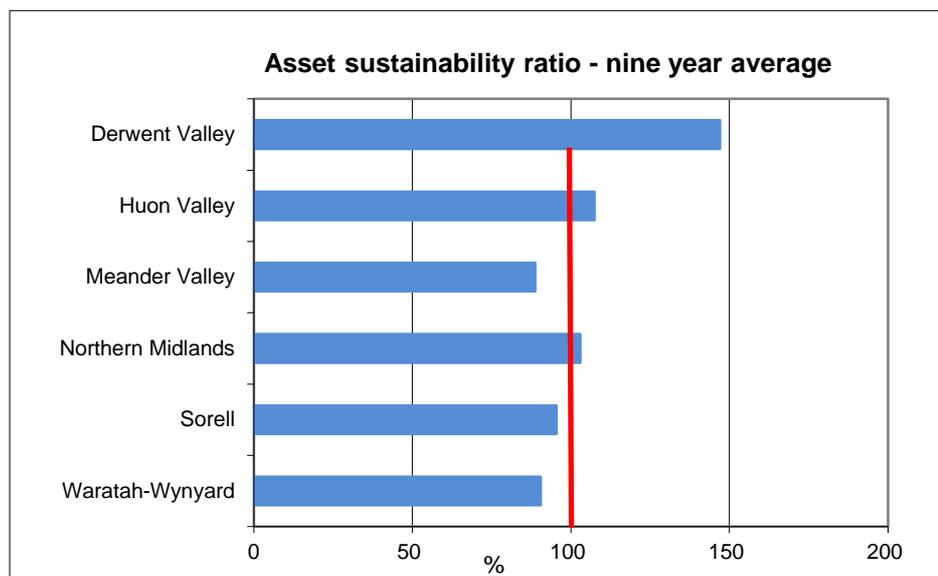


Figure 8. Asset Sustainability ratio – nine year average

This ratio calculates the extent to which councils are maintaining operating capacity through renewal of their existing asset base. The generally accepted benchmark for this ratio, subject to levels of maintenance expenditure and the existence of approved long-term asset management plans, is 100 per cent. The benchmark is based on a council expending its annual depreciation expense on asset renewals within the year. However, it is acknowledged that this is unlikely to occur every year or evenly over a number of years. As a result, the assessment below is based on a nine-year average. It is also acknowledged that this ratio has imperfections which are addressed by the asset renewal funding ratio.



*Figure 9. Asset renewal funding ratio*

This ratio measures councils' capacity to fund future asset replacement requirements. An inability to fund future requirements will result in revenue, expenditure or debt consequences, or a reduction in service levels.

The measure relies on the existence of long-term financial and long-term asset management plans. The ratio measures planned asset replacement requirements against planned asset replacement expenditure. To maintain operating capacity, we would expect a council to fund 90 per cent of its planned asset requirements. Identification of shortfalls enables councils to develop strategies to address future asset replacement requirements in full.

The figure below shows the asset renewal funding ratio for those councils that had long-term financial and asset management plans. The ratio was calculated at 30 June 2015 on estimated required and planned capital expenditure. The periods covered by financial and asset management plans varied, with a minimum of 10 years being required by the Act, and some extending to up to 20 years. Where there is no blue line, this represents no asset management or financial plans in accordance with the Ministerial Orders, making it difficult to calculate the asset renewal funding ratio.

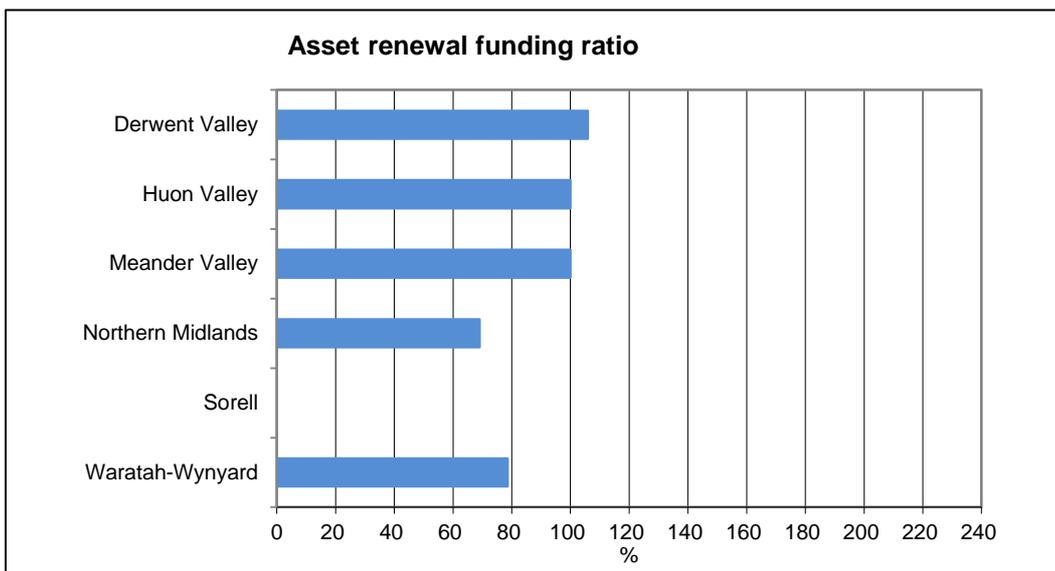


Figure 10. Road consumption ratio

The ratio indicates the levels of service potential available in existing road infrastructure managed by councils. The higher the percentage, the greater future service potential is available to provide services to ratepayers.

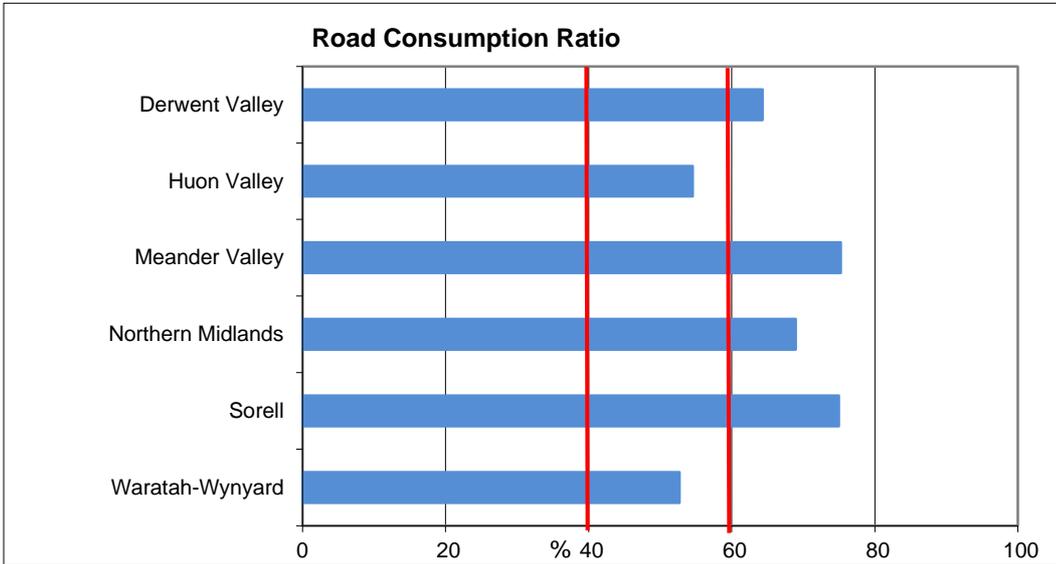


Figure 11. Net financial liabilities ratio

This ratio indicates the net financial obligations of councils compared to their operating income in any one year; specifically, the extent to which net financial liabilities (total liabilities less liquid assets) could be met by operating income.

Where the ratio is positive, it indicates a council’s liquid assets exceeded its total liabilities and that, therefore, at least in the immediate term, additional operating income is not needed to service current obligations.

Conversely a negative ratio indicates an excess of total liabilities over liquid assets meaning that, if all liabilities fell due at once, additional operating revenue would be needed to fund the shortfall in liquid assets.

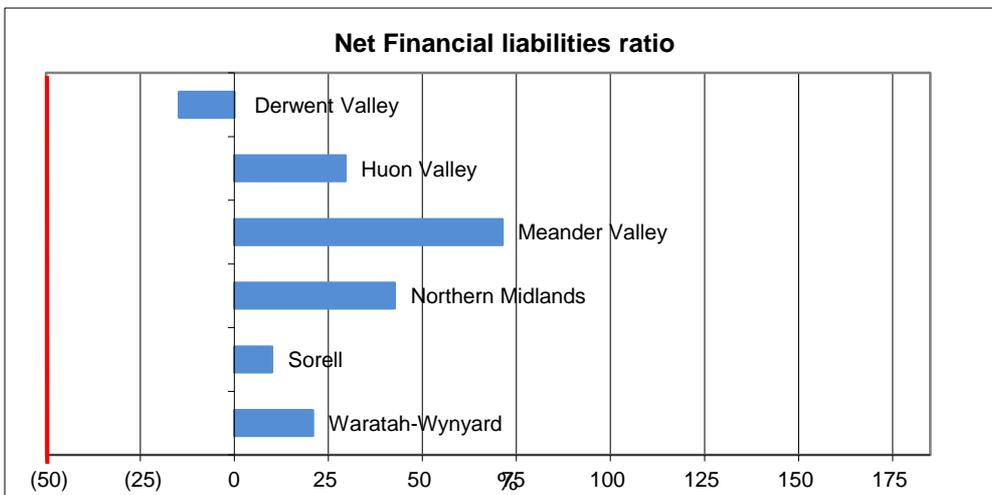


Figure 12. Operational measures

The Auditor-General's Report provides a number of operational measures in the form of high-level comparison across groups of councils of similar size and structure. Huon Valley Council is classified as 'Rural Agricultural, Very Large', and is compared against like councils, including Derwent Valley, Northern Midlands, Waratah-Wynyard, Sorell and Meander Valley Councils. As previously noted, these measures should be used with caution due to factors unique to each municipality. Other relevant measures may provide further indications of operational efficiency and, therefore, these indicators should not be read in isolation. Figure 12 below shows that Huon Valley had the lowest rates and highest number of rateable properties.

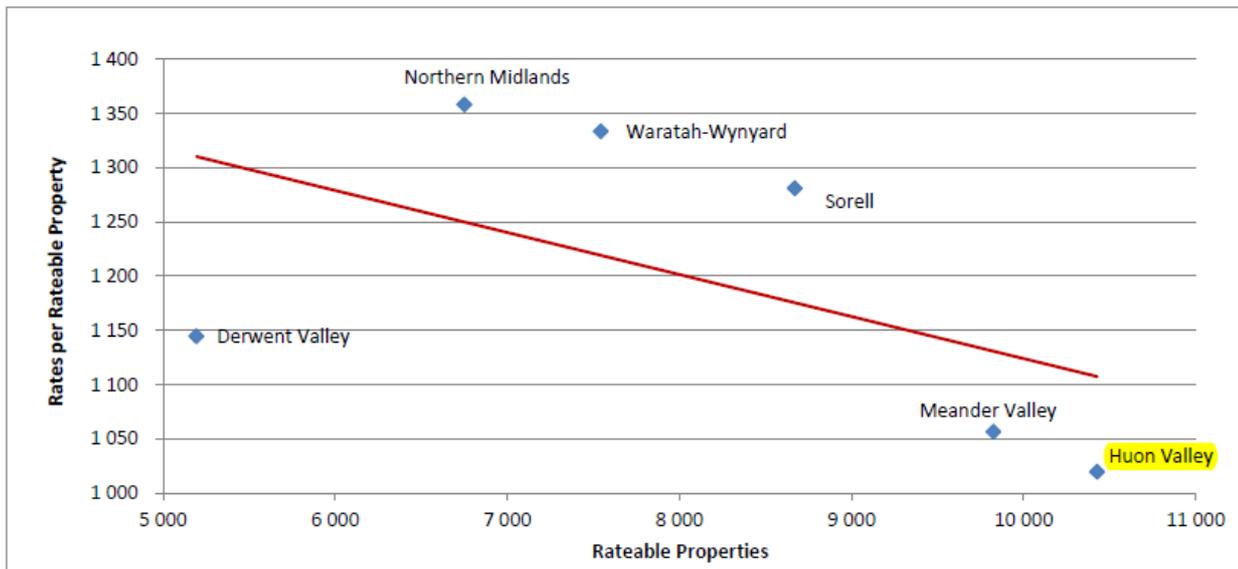


Figure 13. Rates per head of population

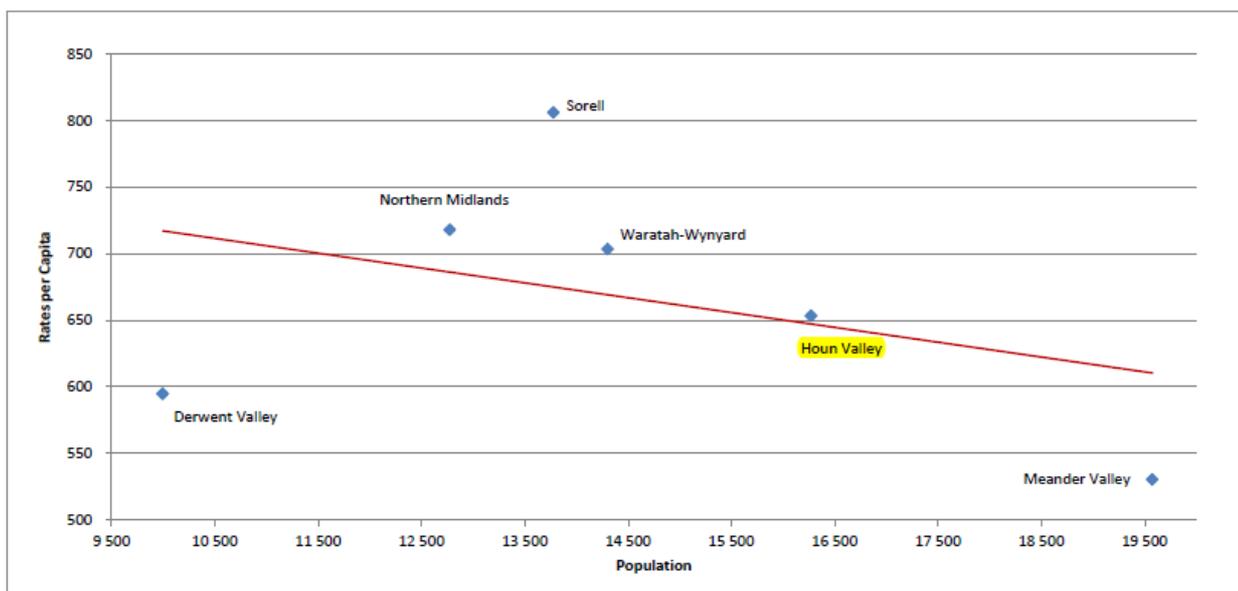


Figure 14 Operating costs per rateable property

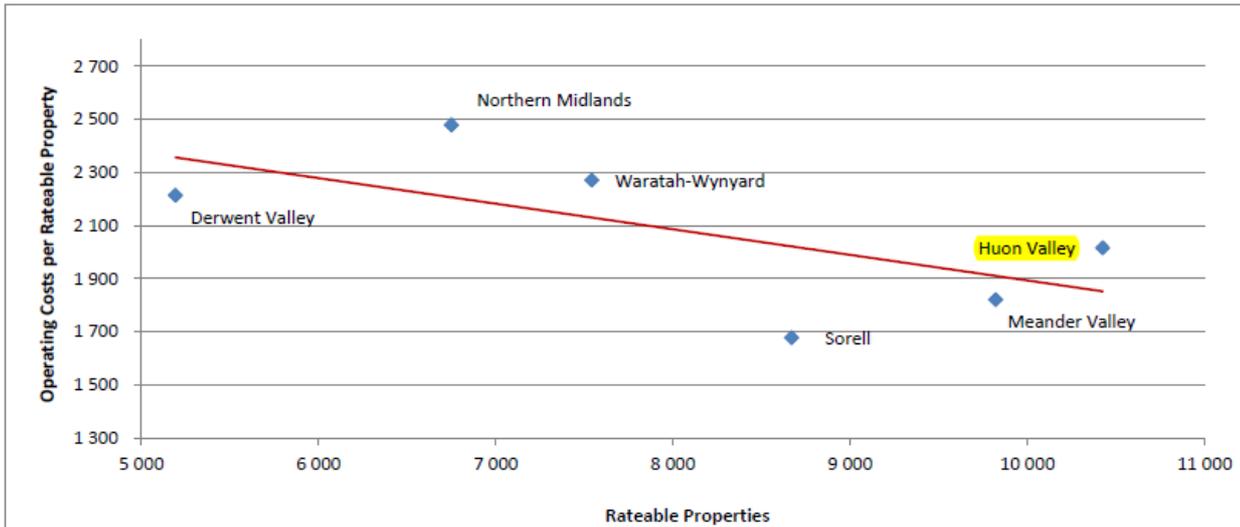


Figure 15 Average staff costs per full time equivalent (FTE) (\$'000)

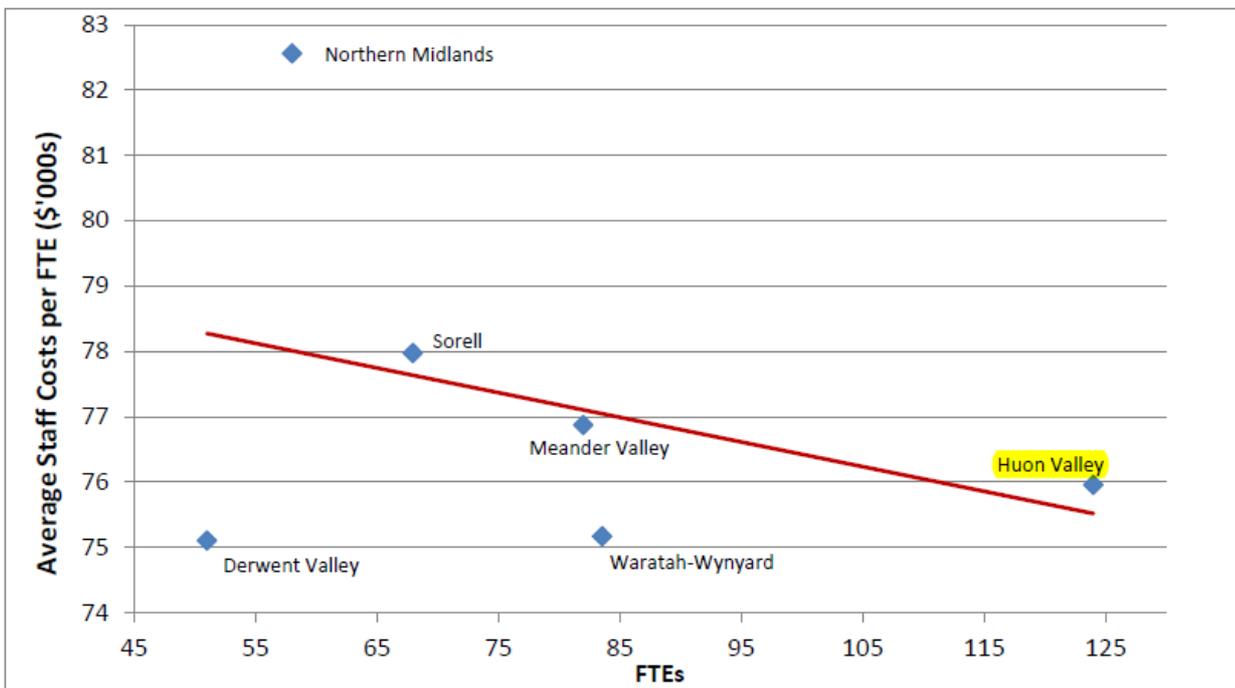


Figure 16. FTEs per head of population

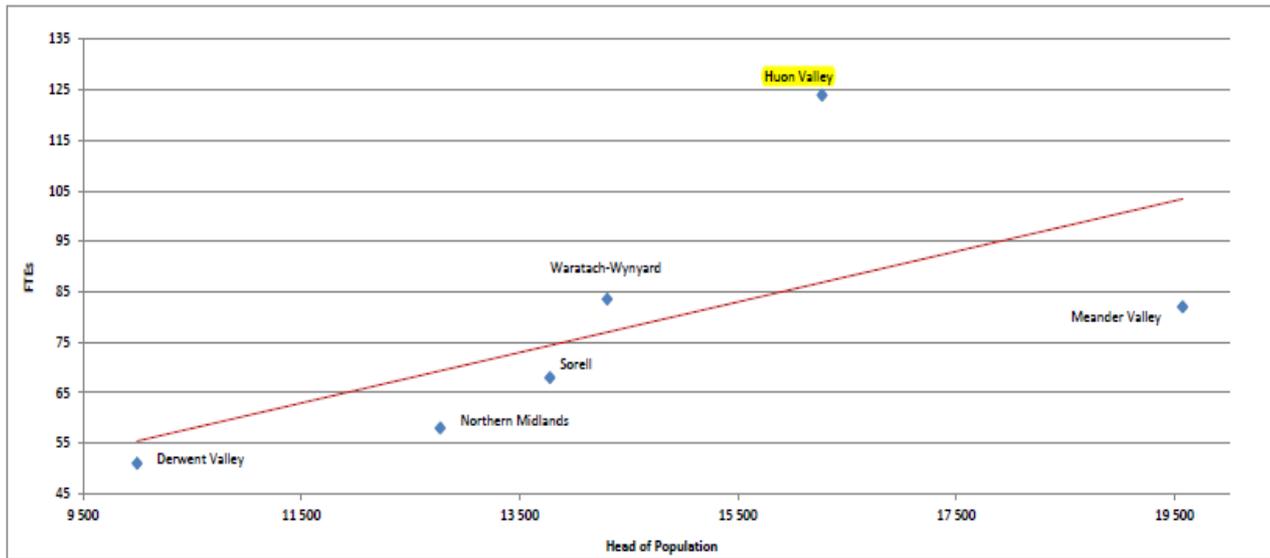


Figure 17. Average staff costs per FTE

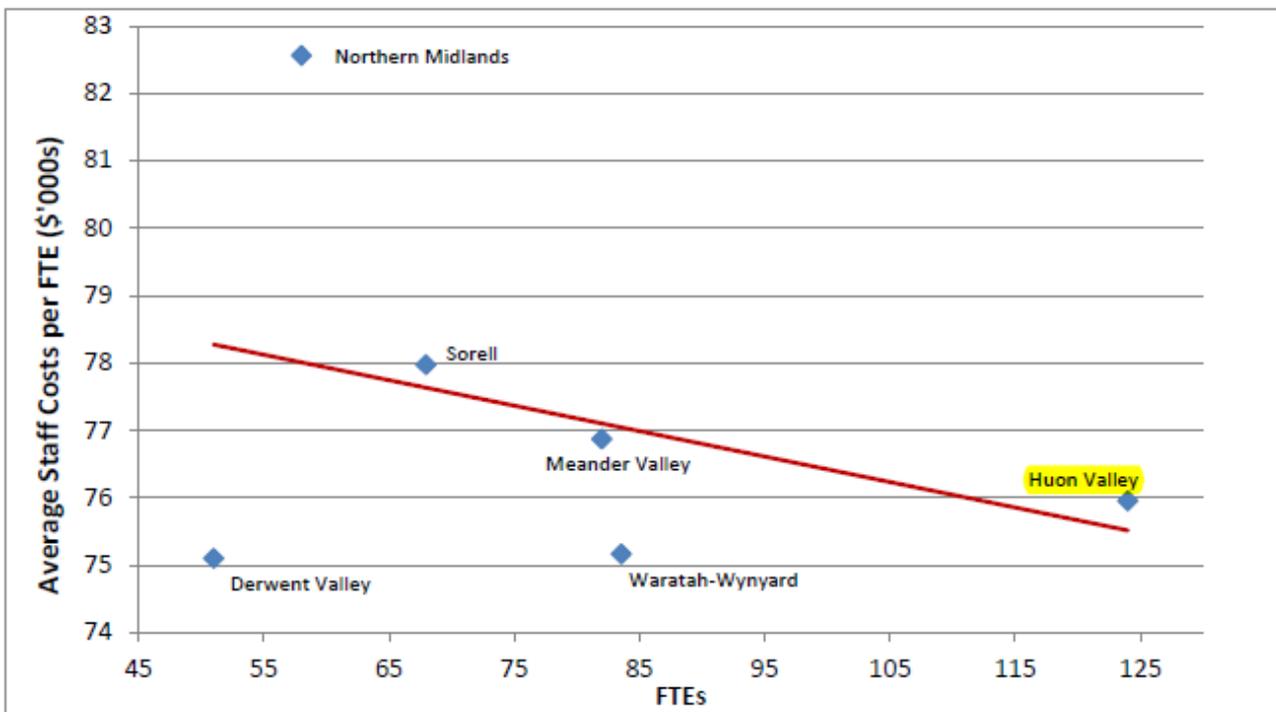


Figure 18. FTEs per head of population

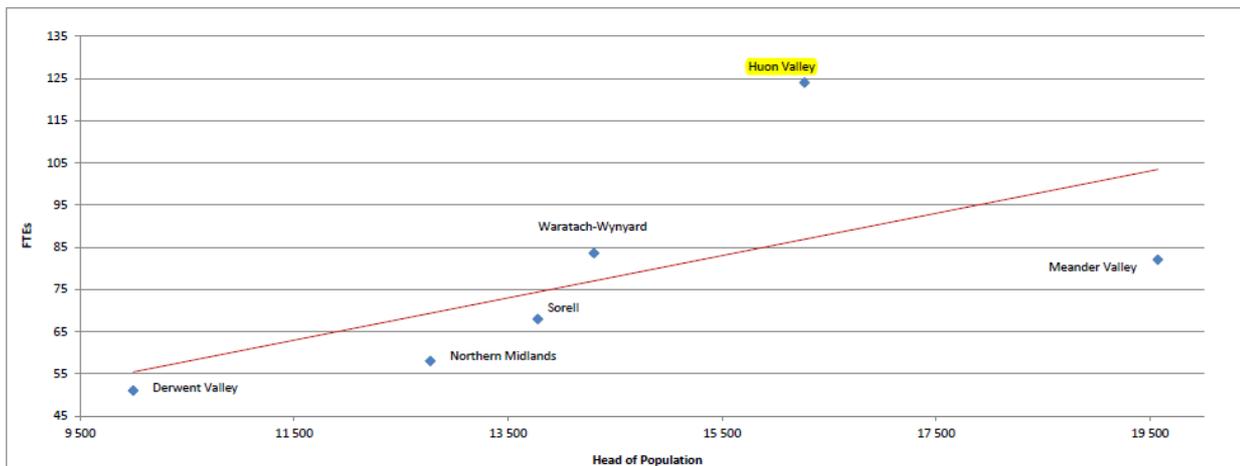


Figure 19. Submission from Huon Valley Council

The Auditor-General's Report notes that Huon Valley has the highest number of FTEs per capita probably because it runs medical and childcare centres, as per the submission below.

**Huon Valley Council**

The Huon Valley Council offers a wide variety of services that are not offered by many, if any, other Councils. The effect of the operation of these services is that it skews the operational ratios and therefore the comparisons made between the Huon Valley Council and others is obfuscated. In particular, the Huon Valley Council owns and operates three medical practices. This includes the employment of all general practitioners, practice nurses and administrative staff and all operational expenses. The medical centres as a group operate on a cost neutral basis and do not rely on general rate income. Therefore any ratio incorporating operating expenses and employee costs as against rateable properties and average staff costs per FTE are skewed by these operating expenses. By way of example if the operational expenses of the medical centres were excluded the effect on the ratios is as follows:-

**Operating costs per rateable property**

Inclusive of medical centres	Comparative position	Exclusive of medical centres	Comparative position
\$2,008	Approx. 3rd lowest operating costs per property	\$1,838	Approx. 2nd lowest costs per property

**Average staff costs per FTE**

Inclusive of medical centres	Comparative position	Exclusive of medical centres	Comparative position
\$75,952	Approx. 3rd lowest staff costs per FTE	\$68,721	Lowest costs per FTE

Medical centre operating data 2014-15  
 Employee costs \$1,480,312  
 FTEs 8.49

It is acknowledged that it is not possible to control for all variations in service delivery across Councils. However, given the particular circumstances in this instance the exclusion of medical centre operating costs provides for a fairer benchmark.

**Simone Watson**  
 General Manager

## HUON VALLEY COUNCIL

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### SNAPSHOT

- Council's Underlying Surplus was \$0.646m in 2013-14. The Underlying result was fairly consistent with the previous three years.
- Our operational efficiency analyses showed that Rates increases were sufficient to cover the growth in Employee and Other costs.
- Cash generated from operations totalled \$2.441m this year, which was considerably lower than in previous years.
- Council recorded a Net Deficit for the year, \$2.718m. The deficit was largely a result of the transfer of the Esperance Multi-Purpose Health Centre's assets to a not-for-profit organisation for no consideration.
- As at 30 June 2014, Council's Total Assets were \$217.703m and its Net Assets amounted to \$214.403m.
- Rates per capita increased by 16% over the three year period since 30 June 2011 and Rates per rateable property increased by 19% over this period.
- Operating cost to rateable property decreased by 2%.
- FTEs increase by five (or 4%) since 2011 and over this period average cost per FTE decreased by 1%.

Council was at low financial sustainability risk from financial operating, asset management, net financial liability and governance perspectives.

We identified two moderate risk audit findings related to inadequate monitoring controls over the use of corporate credit cards and bank reconciliations.

Council adopted 20 out of 22 recommendations relevant to councils from our *Infrastructure Financial Accounting in Local Government* Report issued in December 2013.

Council complied with relevant requirements of Local Government Ministerial Orders issued in February 2014.

The audit was completed satisfactorily with no other matters outstanding.

A key development during the year was the transfer of ownership and management of the Esperance Multi-Purpose Health Centre (EMPHC) to Huon Eldercare from 1 July 2013. This resulted in a write-off of the building and contents of \$1.740m as well as a reduction to funding and operating costs.

Major variations between the 2013-14 and 2012-13 financial years included:

- decreased Grants of \$0.879m and Other revenue of \$0.975m primarily due to no longer receiving revenue for the EMPHC
- lower Employee costs, \$1.260m, as employee expenditure related to the EMPHC was no longer being paid by Council
- reduced Other expenses of \$2.391m mainly due to no longer operating the EMPHC and decreased materials and contracts expenditure with less works being performed
- lower Cash held, \$3.126m, as investment in Property, plant and equipment was larger than Cash generated from operations and Capital grants received
- lower investment in TasWater by \$7.429m due to the decrease in TasWater's net assets as a result of a revaluation of its infrastructure assets.

### KEY AREAS OF AUDIT ATTENTION

There were no areas of particular audit attention other than those referred in the Chapter titled Areas of Audit Attention in Part 1 of this Report.

## AUDIT OF THE 2013-14 FINANCIAL STATEMENTS

Signed financial statements were received on 14 August 2014 and an unqualified audit report was issued on 9 September 2014.

### KEY DEVELOPMENTS

#### Esperance Multi-Purpose Health Centre (EMPHC)

Huon Eldercare Inc., a not-for-profit incorporated association, took over the running and ownership of the EMPHC on 1 July 2013. Land, buildings and equipment were transferred to Huon Eldercare Inc. for no consideration. The transfer led to a write-off of those assets, \$1.740m, and an overall reduction in Council's revenues and expenses relating to EMPHC.

### KEY FINDINGS

During the 2013-14 audit we identified two moderate-risk audit findings related to inadequate monitoring controls over the use of corporate credit cards and bank reconciliations. These matters were reported to, and were being addressed by, management. The audit was completed satisfactorily with no other significant items outstanding.

#### Adoption of recommendations from Infrastructure Financial Accounting in Local Government Report

Part I of this Volume includes a commentary on progress by councils in adopting the recommendations made in our Report No. 5 of 2013-14 *Infrastructure Financial Accounting in Local Government* tabled in December 2013.

Council adopted 19 out of 22 recommendations relevant to councils. The key recommendations Council were yet to adopt included:

- recognition of land under roads
- disclosures in the financial statements of capital renewal and new capital expenditure by asset class and
- documenting management assessments and decisions that impact the financial statements.

Council indicated that it would address these matters in the next financial year.

#### Local Government Ministerial Orders

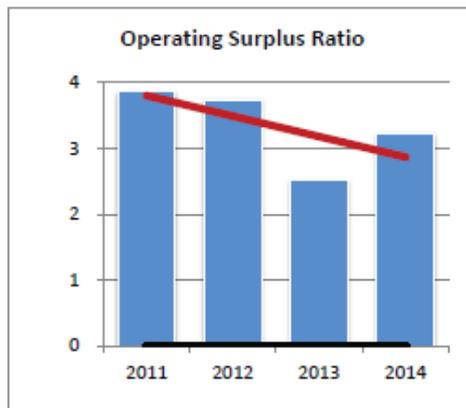
Part I of this Volume includes a summary of the requirements of Ministerial Orders relating to audit panels, strategic planning and reporting management indicators. We found that Council complied with relevant requirements.

## ASSESSMENT OF FINANCIAL SUSTAINABILITY

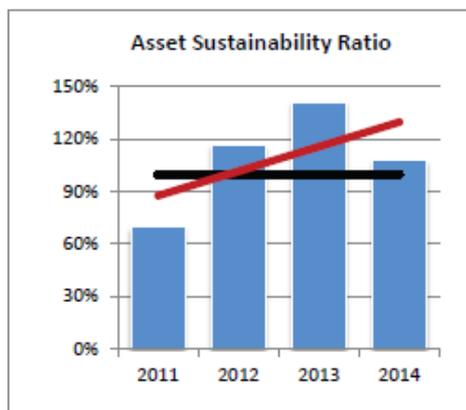
### Management indicators

Our assessment of financial sustainability is based on a review of relevant ratios and selected internal governance arrangements.

The following four graphs and the discussion on the Asset renewal funding ratio summarise key ratios highlighting important aspects of Council's financial performance over the past four years. In each of graphs the black line (where applicable) represents the benchmark for the ratio and the red line is the actual four-year trend. For the Road consumption ratio, results above the orange line indicate a low risk rating, while those below the green line represent a high risk.



Council recorded an average Operating surplus ratio of 3.34 over the past four years, which indicated that it generated sufficient revenue to fulfil its operating requirements, including its depreciation charges.



Over the four year period, Council's average ratio was 108.83%, which was above the benchmark indicating that Council maintained its investment in existing assets. The results exceeded the benchmark in the last three years which was a direct result of Council's long-term asset management strategy to match capital expenditure on Property, plant and equipment to its depreciation charges.

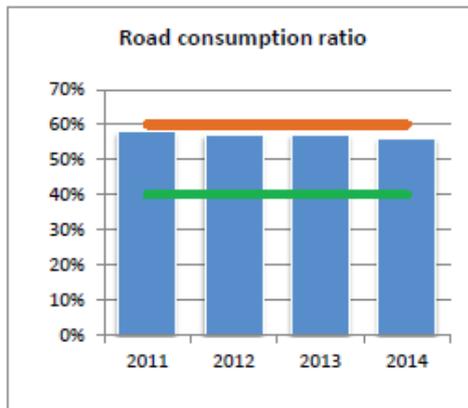
#### Asset renewal funding ratio

The Asset renewal funding ratios included in the financial analysis table at the end of this Chapter present a total of all asset class ratios disclosed in Council's financial statements. An Asset renewal funding ratio was calculated by Council in relation to each asset class required to be included in its long-term strategic asset management plan.

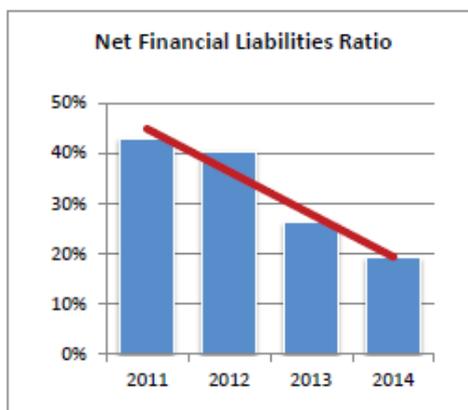
Council's current long-term asset management plan forecasts planned and required renewal expenditure to 2023-24 and covered transport infrastructure, buildings and other land improvements, stormwater and drainage and other structures. The plan was not subject to audit.

The long-term asset management plan indicated that, based on planned asset replacement expenditure, Council's Asset renewal funding ratio was 100% each year under review. The ratio was in line with our benchmark of between 90% and 100%. The ratios were 100% because Council prepared long-term financial plans based on the information in the development of ten-year forward works programs. Therefore, the funding for long-term financial plans and the projected outlays for the asset management plans were identical.

This indicates low financial sustainability risk.



The graph indicates that at 30 June 2014 Council used (consumed) approximately 43% of the service potential of its road assets. This indicates moderate financial sustainability risk.



Council recorded positive Net financial liabilities ratios with liquid assets in excess of Total Liabilities over the four year period under review. These positive ratios indicated a strong liquidity position, with Council able to meet its existing commitments. The downward trend was caused predominantly by lower cash, which decreased by \$2.822m between 2010-11 and 2013-14 as a result of a more stringent approach to the capital works program.

It is noted that Council's cash and financial assets are subject to a number of internal and external restrictions that limit the amount available for discretionary use. Restrictions on funds need to be taken into consideration when assessing Council's overall liquidity position.

\* Our benchmarks are - 0 to -50 = low risk, -50 to -90 = moderate risk and >-90 = high risk

### Governance

A review of governance arrangements indicated Council had established an audit panel, with the panel:

- comprised of an independent chairperson, an independent member and two councillors
- taking an oversight role of Council's financial statements.

In addition, Council had long-term asset management and financial management plans. These plans were regularly reviewed, covered all key elements required and were formally adopted by Council.

### Conclusion as to financial sustainability

From a financial operating perspective, an average positive Operating surplus ratio over the four year period indicated low financial sustainability risk.

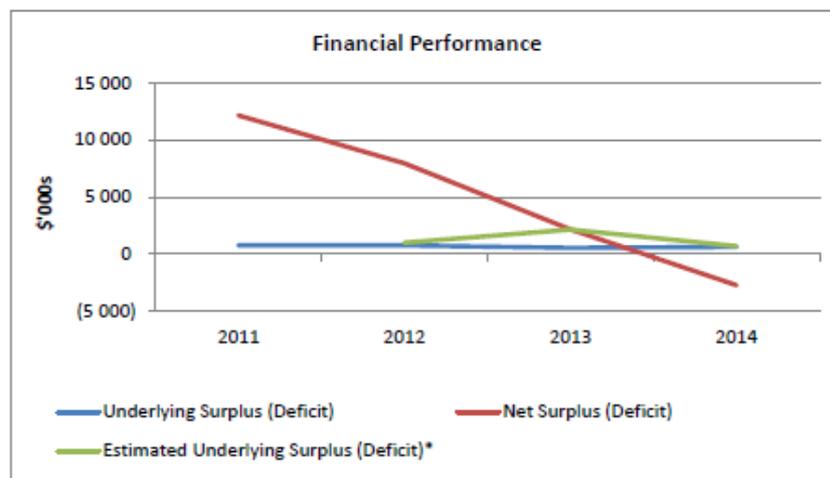
Asset management ratios indicate Council maintained its investment in existing assets over the four year period under review, and its Road consumption ratio was in the moderate financial sustainability range. Council's Asset renewal funding ratio achieved our benchmark.

Council's Net financial liabilities ratio was above benchmark and it had no debt. These factors indicate it was in a strong position to meet its short-term commitments and may have capacity to borrow should the need arise.

From a governance perspective, Council had established an audit panel and long-term financial management and asset management plans.

Based on these ratios and governance arrangements, we concluded at 30 June 2014 that Council was at low risk from financial operating, asset management, net financial liabilities and governance perspectives.

### FINANCIAL ANALYSIS



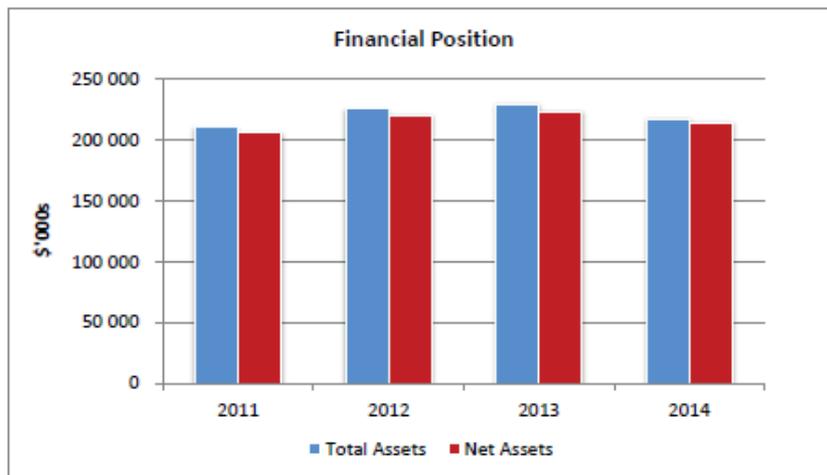
\* Budget data not available for all four years.

Council recorded an Underlying Surplus of \$0.646m in 2013-14. The Underlying result was fairly consistent with the previous three years.

During 2013-14 both Total Revenue and Total Expenses decreased, by \$1.942m and \$2.036m respectively. This was primarily due to Council no longer operating the EMPHC as a result of its transfer to Huon Eldercare Inc. Previously, Council received annual funding of \$1.200m towards the cost of running EMPHC.

Net Surplus was a deficit of \$2.718m in 2013-14 due to the timing of financial assistance grants and asset write-offs. The write-offs, \$2.399m, included EMPHC's assets, \$1.740m, as well as the written-down value of roads, bridges and footpaths replaced during the year. The fluctuations in the net result and its continuous decline were largely due to:

- no infrastructure assets recognised for the first time this year. This source of income totalled \$1.254m in 2012-13 and \$4.750m in 2011-12 and arose as part of Council developing its long-term asset management plan and identification of assets which were previously not accounted for
- asset write-offs already referred to which did not arise in the previous three years
- the cumulative net effect of the timing of Commonwealth financial assistance grants with the impact in 2013-14 being negative \$1.436m.



Council's Total Assets were \$217.703m at 30 June 2014. This was \$11.944m less than at the same time last year primarily due to a revaluation decrement of its Investment in TasWater, \$7.429m, and decreased Cash of \$3.126m. The reduction in Cash was mainly due to the investment in Property, plant and equipment, \$7.906m, being higher than the Cash generated from operations, \$2.441m, and Capital grants received \$1.974m. Despite the lower cash balance, \$3.570m, at 30 June 2014, Council's current ratio was still 2.28, which was well above the benchmark of one.

Net Assets decreased by \$9.027m to \$214.403m in line with the Comprehensive Deficit.

Council had a number of functional activities that provide a broad level of services to its ratepayers, with the majority of its funding and assets relating to works and infrastructure management.

#### OPERATIONAL EFFICIENCY

In this section we comment on measures reported in the financial analysis section in the tables at the end of this Chapter focussing on per capita and per rateable property measures and on measures relating to FTE. It must be highlighted that movements in rates measures do not only represent rate increases as rates revenue is impacted by other factors. These observations are discussed further in the Local Government Operational Efficiency Chapter in Part I of this Volume.

Council's Rates per capita increased by 16% over the three year period since 30 June 2011 and Rates per rateable property increased by 19% over this period. These increases combined with the management of costs as measured by Operating cost to rateable property, which decreased by 2%, resulted in Council being able to continue to record Underlying surpluses.

FTEs increase by five (or 4%) since 2011 and over this period average cost per FTE decreased by 1%.

## CHAPTER APPENDICES

Comparative figures in the following tables may have been restated due to more accurate and current information being available.

### Statement of Comprehensive Income

	2013-14 Estimate*	2013-14 Actual	2012-13 Actual	2011-12 Actual
	\$'000s	\$'000s	\$'000s	\$'000s
Rates	9 591	10 181	9 862	9 049
Fees and charges	2 232	2 408	2 534	2 299
Grants**	1 942	3 434	4 313	4 409
Interest revenue	451	264	545	591
Other revenue	4 098	3 721	4 696	4 470
<b>Total Revenue</b>	<b>18 314</b>	<b>20 008</b>	<b>21 950</b>	<b>20 818</b>
Employee costs	9 043	8 864	10 124	9 371
Depreciation	4 151	5 967	4 352	3 931
Other expenses	6 069	4 531	6 922	6 738
<b>Total Expenses</b>	<b>19 263</b>	<b>19 362</b>	<b>21 398</b>	<b>20 040</b>
<b>Underlying Surplus (Deficit)</b>	<b>(949)</b>	<b>646</b>	<b>552</b>	<b>778</b>
Capital grants	1 666	471	1 279	1 730
Financial assistance grant received in advance**	0	0	1 436	1 415
Offset financial assistance grant in advance**	0	(1 436)	(1 415)	(734)
Infrastructure asset take-up	0	0	1 254	4 750
Asset write offs	0	(2 399)	(934)	0
<b>Net Surplus (Deficit)</b>	<b>717</b>	<b>(2 718)</b>	<b>2 172</b>	<b>7 939</b>
<b>Other Comprehensive Income</b>				
Fair value revaluation of non-current assets	0	1 120	721	6 718
Fair value adjustment in TasWater	0	(7 429)	(7)	85
<b>Total Other Comprehensive Income (Expense)</b>	<b>0</b>	<b>(6 309)</b>	<b>714</b>	<b>6 803</b>
<b>Comprehensive Surplus (Deficit)</b>	<b>717</b>	<b>(9 027)</b>	<b>2 886</b>	<b>14 742</b>

\* The Estimate Represents Council's final estimate for the year. This is provided for comparison only and was not subject to audit.

\*\* Grants received in advance have been shown separately after Underlying Surplus (Deficit). The Offset figures enable the above table to balance with Council's own Comprehensive income statement.

## Statement of Financial Position

	2014	2013	2012	2011
	\$'000s	\$'000s	\$'000s	\$'000s
Cash and financial assets	3 570	6 696	6 828	6 392
Financial assets	2 758	2 700	3 950	5 000
Receivables	812	2 568	2 583	1 940
Inventories	59	48	108	28
Other assets	30	32	274	33
<b>Total Current Assets</b>	<b>7 229</b>	<b>12 044</b>	<b>13 743</b>	<b>13 393</b>
Payables	1 512	4 258	3 011	3 027
Provisions - employee benefits	1 608	1 364	1 241	891
Provisions - other	53	349	479	409
<b>Total Current Liabilities</b>	<b>3 173</b>	<b>5 971</b>	<b>4 731</b>	<b>4 327</b>
<b>Net Working Capital</b>	<b>4 056</b>	<b>6 073</b>	<b>9 012</b>	<b>9 066</b>
Property, plant and equipment	178 889	178 011	171 265	158 428
Capital Works in Progress	250	828	1 732	0
Investment in TasWater	31 335	38 764	38 772	38 687
<b>Total Non-Current Assets</b>	<b>210 474</b>	<b>217 603</b>	<b>211 769</b>	<b>197 115</b>
Provisions - employee benefits	77	196	187	329
Provisions - other	50	50	50	50
<b>Total Non-Current Liabilities</b>	<b>127</b>	<b>246</b>	<b>237</b>	<b>379</b>
<b>Net Assets</b>	<b>214 403</b>	<b>223 430</b>	<b>220 544</b>	<b>205 802</b>
Reserves	114 644	115 053	110 509	103 536
Accumulated surpluses	99 759	108 377	110 035	102 266
<b>Total Equity</b>	<b>214 403</b>	<b>223 430</b>	<b>220 544</b>	<b>205 802</b>

## Statement of Cash Flows

	2013-14	2012-13	2011-12	2010-11
	\$'000s	\$'000s	\$'000s	\$'000s
Receipts from customers	17 966	16 934	14 181	14 512
Distributions received - TasWater	495	844	924	871
Cash flows from Government	744	1 565	5 090	4 581
Payments to suppliers and employees	(17 028)	(16 345)	(16 061)	(15 822)
Interest received	264	545	591	581
<b>Cash from (used in) Operations</b>	<b>2 441</b>	<b>3 543</b>	<b>4 725</b>	<b>4 723</b>
Capital grants and contributions	1 974	4 047	1 730	965
Payments for property, plant and equipment	(7 906)	(9 326)	(7 225)	(4 617)
Payments for investments	( 58)	1 250	1 050	(2 251)
Proceeds from sale of investments	0	0	0	240
Proceeds from sale of property, plant and equipment	437	356	156	144
<b>Cash from (used in) Investing Activities</b>	<b>(5 553)</b>	<b>(3 673)</b>	<b>(4 289)</b>	<b>(5 519)</b>
Trust funds and deposits	(14)	(2)	0	0
<b>Cash from (used in) Financing Activities</b>	<b>(14)</b>	<b>(2)</b>	<b>0</b>	<b>0</b>
<b>Net Increase (Decrease) in Cash</b>	<b>(3 126)</b>	<b>(132)</b>	<b>436</b>	<b>(796)</b>
Cash at the beginning of the year	6 696	6 828	6 392	7 188
<b>Cash at End of the Year</b>	<b>3 570</b>	<b>6 696</b>	<b>6 828</b>	<b>6 392</b>

### Financial Analysis

	Bench Mark	2013-14	2012-13	2011-12	2010-11
<b>Profitability</b>					
Underlying surplus (deficit) (\$'000s)		646	552	778	778
Operating surplus ratio* **	>0	3.23	2.51	3.74	3.86
<b>Asset Management</b>					
Asset sustainability ratio*	100%	108%	142%	116%	69%
Asset renewal funding ratio*	90% - 100%	100%	100%	100%	100%
Road asset consumption ratio*	>60%	56.0%	57.1%	57.0%	57.9%
Asset investment ratio	>100%	132%	214%	184%	113%
<b>Liquidity</b>					
Net financial assets (liabilities) (\$'000s)		3 840	5 747	8 393	8 626
Net financial liabilities ratio* ***	0% - (50%)	19.2%	26.2%	40.3%	42.8%
<b>Operational Efficiency</b>					
Liquidity ratio	2:1	2.90	2.18	3.13	2.75
Current ratio	1:1	2.28	2.02	2.90	3.10
Interest coverage	3:1	0	0	0	0
Self financing ratio		12.2%	16.1%	22.7%	23.4%
Own source revenue		82.8%	80.4%	78.8%	77.3%
Debt collection	30 days	15	24	30	16
Creditor turnover	30 days	25	46	23	13
Rates per capita (\$)		630	616	571	542
Rates to operating revenue		50.9%	44.9%	43.5%	41.4%
Rates per rateable property (\$)		989	968	879	830
Operating cost to rateable property (\$)		1 881	2 100	1 946	1 929
Employee costs expensed (\$'000s)		8 864	10 124	9 371	8 735
Employee costs capitalised (\$'000s)		593	663	703	488
Total employee costs (\$'000s)		9 457	10 787	10 074	9 223
Employee costs as a % of operating expenses		46%	47%	47%	45%
Average staff numbers (FTEs)		131	133	134	126
Average staff costs (\$'000s)		72	81	75	73
Average leave balance per FTE (\$'000s)		13	12	11	10

\* For commentary on these indicators refer to the Financial Results section of this chapter.

\*\* This is also called the Underlying surplus ratio.

\*\*\* This benchmark between 0% and (50%) is anticipating a situation where total net liabilities should not be greater than 50% of operating revenue. Where the ratio is positive, as is the case with Huon Valley Council, liquid assets exceed total liabilities.

## Unsealed road maintenance

Below is summary information regarding the maintenance of unsealed roads, as provided by the GM.

### Background

The Huon Valley Council has a comprehensive suite of documents governing asset management. This includes a *Road Asset Management Plan*. The objective of asset management is to ensure that all council assets are sustainably managed into the future. The key elements of the plan are:

- Levels of Service
- Future Demand
- Life cycle management
- Financial sustainability
- Asset management practices
- Improvement and monitoring

The Council ensures that the funding for the works in the *Asset Management Plan* is available through the adoption of the *Financial Management Strategy* and *Long Term Financial Plan*.

The documents above are based on a 10 year timeframe. On an annual basis, the Council approves an asset renewal schedule and annual Estimates and Budget. These documents provide for a global allocation to be applied to the maintenance of unsealed roads, as well as to the renewal of specific sealed roads and renewal of particular assets in all other asset classes.

The asset renewal schedule does not specify particular unsealed roads as all roads are renewed in accordance with their lifecycle. Council's approach is that the unsealed road network is maintained to new condition each year and therefore 100 per cent of the depreciation in the value of the unsealed road network is applied to the maintenance of unsealed roads.

### Unsealed roads

All roads are condition and hazard assessed in accordance with the *Roads Asset Management Plan*. The frequency of assessment is based on the road's classification within the road hierarchy. This condition assessment then informs the routine maintenance plan for all roads. Hazards are also identified by the community and notified directly to Council.

The *Roads Asset Management Plan* also establishes the Planned/Proactive Maintenance activities of Council as well as the Unplanned/Reactive maintenance activities. These are set out in more detail in section 4 of the *Roads Asset Management Plan*. The prioritisation of maintenance activities is based on the classification of the asset (ie traffic type and volume), the defect type and its severity.

All maintenance activities, both planned and unplanned, are identified based on the objective criteria in the *Roads Asset Management Plan* and are scheduled by the Roads Coordinator in conjunction with the Works Manager and the Leading Hands on the roads crews.

### Road upgrades

Any road upgrades are considered to be a new asset. New assets are determined by Council on an annual basis through the budget process. These are separately listed as discrete items in the budget as part of the 'New Asset' component of the budget.

## Mayoral powers: Executive and Semi-Executive models in other jurisdictions

### 1. Executive Model: Aimed at more decisive, innovative and responsive leadership

#### Greater London Authority

The Greater London Authority (GLA) is a democratically-elected strategic authority that operates in conjunction with 32 London borough councils and the City of London. Through its executive Mayor, the GLA sets the overall vision and strategy for London, while the boroughs (and City of London) deliver day to day services to Londoners.

The GLA comprises two distinct parts: the Mayor and the Assembly.

The Mayor is elected directly by Londoners, while the Assembly consists of 25 elected members (14 representing constituencies and the rest elected from party lists according to total London-wide vote). The Mayor has an executive role, setting an overall vision for London and defining clear strategies on a range of issues:

- Arts & Culture
- Business & Economy
- Environment
- Fire
- Health
- Housing and Land
- Planning
- Policing & Crime
- Regeneration
- Sport
- Transport
- Young People

The Assembly members act as scrutineers, with the power to veto the Mayor's budget and strategic plans (but only with a two-thirds majority).

The Mayor and Assembly members are elected concurrently for a four-year term.

### 2. Semi-Executive Model: Enabling the Mayor to have a greater leadership role

London borough councils use this model, as do New Zealand councils, the Brisbane City Council and other Queensland councils.

#### London Borough Councils

Under the *Government and Public Involvement in Health Act 2007*, each London borough council (and its residents) must choose and implement either of two 'semi-executive' models for its governance structure. These are:

##### *A leader and cabinet or executive*

The council leader is elected by full council for four years. The council may include a provision allowing it to remove the leader during that term by resolution. The leader decides on the deputy leader, size of the cabinet and appoints cabinet members. The cabinet can be either single-party or a coalition. The mayoral function in these councils is a ceremonial role. This is the structure used by the majority of councils in London.

##### *A directly-elected mayor and cabinet or executive.*

The mayor is directly elected by voters in the borough to serve for four years. He or she would then choose a cabinet of no more than 10 councillors. The cabinet members need not all be from the same political party. A directly-elected mayor has much more power than traditional, largely ceremonial, mayors. Only four of London's councils currently have this structure: Hackney, Lewisham, Newham and Tower Hamlets.

Elections are held every four years.

### NZ councils (excluding Auckland Council)

Following changes to enhance the role of the Auckland Mayor in 2009, in 2013 the New Zealand Government implemented changes to its local government legislation to give Mayors greater leadership powers and functions. These include:

- Formalising the role of Mayors as providing leadership to other members of the territorial authority, the people in the district, and in setting the territorial authorities plans, policies and budget (for consideration by other members of the territorial authority);
- Mayors were given discretionary powers to determine the number of council committees and terms of reference of those committees; and
- Appointing committee chairs.

To ensure appropriate checks and balances, the councils retained powers to:

- Remove a deputy Mayor appointed by the Mayor (following a statutory process);
- Discharge a committee established by the Mayor;
- Appoint additional committees; and
- Discharge any chairperson appointed by the Mayor.

### Auckland Council

Based on the recommendations of a 2007 Royal Commission review of governance arrangements for the Auckland metropolitan region (which recommended creation of a 'super city' council based on the English model), in 2009 the NZ Government passed legislation to create an expanded role for the Mayor. Under these changes, the Mayor's role was enhanced to include:

- Articulating and promoting a vision for Auckland;
- Providing leadership to achieve this vision;
- Leading the development of council plans, policies and budgets for consideration by the governing body;
- Establishing processes and mechanisms to engage with the people of Auckland;
- Appointing the Deputy Mayor, establishing committees and appointing the chairperson of each committee; and
- Establishing and maintaining the office of the Mayor, with an annual budget not less than 0.2 per cent of the Council's total budgeted operating expenditure for the year.

### Brisbane City Council and other Queensland councils

Directly elected Lord Mayor with powers to:

- Implement the policies adopted by the Council and develop and implement other policies;
- Lead and control the business of the Council;
- Lead, manage and provide strategic direction to the Chief Executive Officer in order to achieve high quality administration of the Council;
- Direct the CEO and senior contract employees of Council.

In 2009, a modified version of these powers was extended to all other Queensland mayors. While significantly weaker than the powers of the Lord Mayor, they provide a platform for stronger civic leadership than applies to the rest of Australia.

### 3. Consensus Model: Council operates as a collective, with a largely ceremonial Mayor

While there is some variation in the roles and functions of the Mayor under this model, it broadly involves the Mayor acting as:

- Civic and ceremonial leader; and
- Chairperson and spokesperson for the council.

Depending on the particular model, other functions may include liaising with the CEO on the activities and performance of the council, providing collective leadership and guidance to the community and other functions that the council may delegate.

Notwithstanding differences in how Mayors are elected (directly or indirectly elected), the period they serve (two years in some councils, four years in others) and variations in the electoral cycle (full and half council elections), this is the model that operates in most councils across Australia, including Tasmania.

Notable exceptions are Queensland councils, (particularly the Brisbane City Council, as discussed above), where Mayors have greater executive powers.

While the Lord Mayors of the cities of Sydney, Melbourne and Adelaide and the Mayor of Geelong have an increased leadership role and public profile, they do not presently have any increased powers to accompany this.

All council decisions that were not unanimous (between November 2014 and December 2015)

	Coad	Smith	Woodruff	Mackintosh	Eastley	Wilson	Paul	Heron	Studley	Ruzicka
<b>9-Dec-15</b>										
13.016/15	For	For		For	Against	Against	Against	Against	Apology	Against
15.040/15*	Against	Against		Against	For	For	For	For	Apology	For
17.043/15*	For	Against		For	For	For	For	For	Apology	For
<b>25-Nov-15</b>										
<b>28-Oct-15</b>										
13.013/15	For	For		For	For	For	Against	For	For	Against
13.013/15	For	For		For	For	For	Against	For	For	For
20.33/15	For	For		Against	For	Against	Against	Against	Against	Against
20.033/15	Against	Against		Against	Against	For	For	Against	For	Against
20.033/15*	Against	Against		Against	For	For	For	For	For	For
<b>23-Sep-15</b>										
13.011/15*	Against	Against			Against	For	For	For	For	For
13.012/15*	For	For	Woodruff		For	Against	Against	Against	For	For
20.023/15	Interest	Against	Resigned		For	For	For	For	For	For
<b>26-Aug-15</b>										
17.041/15*	For	Against	Against		For	For	For	For	For	For
17.042/15*	For	For	For		Against	Against	Against	Against	Against	Against
17.042/15*	For	Against	Against		For	For	For	For	For	For
20.014/15	For	For	For		Against	Interest	Against	Against	Against	Against
<b>20-Jul-15</b>										
15.023/15*	Against	Against	Against		For	For	For	Apology	For	For
17.036/15*	For	For	Against		For	For	For	Apology	For	For
17.036/15*	For	For	Against		For	For	For	Apology	For	For
17.037/15*	Against	Against	For		For	For	For	Apology	For	For
20.013/15*	Against	For	For		For	For	For	For	For	For
<b>24-Jun-15</b>										
13.008/15	For	For	For		For	For	For	Apology	Against	For
15.022/15*	Against	Against	Against		For	For	For	Apology	For	For
16.027/15*	For	For	For		For	For	Against	Apology	For	For
20.008/15*	Against	Against	Against		For	For	For	Apology	For	For
20.007/15	For	For	For		Against	Against	Against	Apology	Against	Against
20.007/15	For	For	Against		For	For	Against	Apology	For	For
<b>27-May-15</b>										
13.006/15	For	For	For		For	Apology	Against	Against	Against	Against
13.007/15*	For	For	For		Against	Apology	Against	Against	Against	Against
15.015/15*	For	For	For		For	Apology	Against	Against	Against	Against
15.015/15*	Against	Against	Against		For	Apology	For	For	For	For
15.017/15*	For	For	For		For	Apology	Against	Against	Against	Against
15.017/15*	Against	Against	Against		For	Apology	For	For	For	For
15.018/15*	For	For	For		Against	Apology	Against	Against	Against	Against
20.004/15*	For	For	For		For	Apology	Against	Interest	For	For
<b>22-Apr-15</b>										
13.004/15*	For	For	For		Against	Against	Against	Against	Against	Against
13.005/15	For	For	For		Against	Against	Against	Against	Against	Against
13.005/15	Against	Against	Against		For	For	For	For	For	For
17.013/15*	For	Against	Against		For	For	For	For	For	For
<b>25-Mar-15</b>										
15.009/15*	Against	For	For		For	Apology	Against	Against	Against	Against
15.009/15*	Against	For	For		For	Apology	For	For	For	For

12-Mar-15										
16.018/15*	For	For	For		For	Against	Against	Against	Against	Against
16.018/15*	For	For	For		For	Against	Against	Against	Against	Against
16.018/15*	Against	Against	Against		Against	For	For	For	For	For
25-Feb-15										
4.002/15	For	Against	For		For	For	For	For	For	For
4.002/15A	For	For	For		For	Against	For	For	For	For
16.014/15*	Against	For	For		For	For	For	For	For	For
28-Jan-15										
15.004/15*	For	For	For		Against	Apology	Against	Against	Against	Against
15.004/15*	Against	Against	Against		For	Apology	For	For	For	For
16.001/15*	Against	Against	Against		Against	Apology	For	For	For	For
16.002/15*	For	Against	Against		For	Apology	For	For	For	For
19.001/15*	For	For	For		Against	Apology	Against	Against	Against	Against
19.001/15*	Against	For	Against		For	Apology	For	For	For	For
10-Dec-14										
16.081/14*	For	For	For		For	For	For	For	For	Against
19-Nov-14										
13.005/14*	Against	For	For		Against	Against	Against	Against	Against	Against
15.049/14*	For	Against	Against		For	Interest	For	For	For	For

Council decisions where all councillors known as the Heart of the Huon voted for or against a decision, including those decisions where one or more of those councillors was absent from the vote due to an apology or declared interest (between November 2014 and December 2015).

	Coad	Smith	Woodruff	Mackintosh	Eastley	Wilson	Paul	Heron	Studley	Ruzicka
13.016/15	For	For		For	Against	Against	Against	Against	Apology	Against
20.33/15	For	For		Against	For	Against	Against	Against	Against	Against
17.042/15*	For	For	For		Against	Against	Against	Against	Against	Against
20.014/15	For	For	For		Against	Interest	Against	Against	Against	Against
20.007/15	For	For	For		Against	Against	Against	Apology	Against	Against
13.006/15	For	For	For		For	Apology	Against	Against	Against	Against
13.007/15*	For	For	For		Against	Apology	Against	Against	Against	Against
15.015/15*	For	For	For		For	Apology	Against	Against	Against	Against
15.017/15*	For	For	For		For	Apology	Against	Against	Against	Against
15.018/15*	For	For	For		Against	Apology	Against	Against	Against	Against
13.004/15*	For	For	For		Against	Against	Against	Against	Against	Against
13.005/15	For	For	For		Against	Against	Against	Against	Against	Against
15.009/15*	Against	For	For		For	Apology	Against	Against	Against	Against
16.018/15*	For	For	For		For	Against	Against	Against	Against	Against
16.018/15*	For	For	For		For	Against	Against	Against	Against	Against
15.004/15*	For	For	For		Against	Apology	Against	Against	Against	Against
19.001/15*	For	For	For		Against	Apology	Against	Against	Against	Against
13.005/14*	Against	For	For		Against	Against	Against	Against	Against	Against

	<b>Coad</b>	<b>Smith</b>	<b>Woodruff</b>	<b>Mackintosh</b>	<b>Eastley</b>	<b>Wilson</b>	<b>Paul</b>	<b>Heron</b>	<b>Studley</b>	<b>Ruzicka</b>
15.040/15*	Against	Against		Against	For	For	For	For	Apology	For
17.043/15*	For	Against		For	For	For	For	For	Apology	For
20.033/15*	Against	Against		Against	For	For	For	For	For	For
13.011/15*	Against	Against			Against	For	For	For	For	For
20.023/15	Interest	Against	Resigned		For	For	For	For	For	For
17.041/15*	For	Against	Against		For	For	For	For	For	For
17.042/15*	For	Against	Against		For	For	For	For	For	For
15.023/15*	Against	Against	Against		For	For	For	Apology	For	For
17.036/15*	For	For	Against		For	For	For	Apology	For	For
17.036/15*	For	For	Against		For	For	For	Apology	For	For
17.037/15*	Against	Against	For		For	For	For	Apology	For	For
20.013/15*	Against	For	For		For	For	For	For	For	For
15.022/15*	Against	Against	Against		For	For	For	Apology	For	For
20.008/15*	Against	Against	Against		For	For	For	Apology	For	For
15.015/15*	Against	Against	Against		For	Apology	For	For	For	For
15.017/15*	Against	Against	Against		For	Apology	For	For	For	For
13.005/15	Against	Against	Against		For	For	For	For	For	For
17.013/15*	For	Against	Against		For	For	For	For	For	For
15.009/15*	Against	For	For		For	Apology	For	For	For	For
16.018/15*	Against	Against	Against		Against	For	For	For	For	For
4.002/15	For	Against	For		For	For	For	For	For	For
16.014/15*	Against	For	For		For	For	For	For	For	For
15.004/15*	Against	Against	Against		For	Apology	For	For	For	For
16.001/15*	Against	Against	Against		Against	Apology	For	For	For	For
16.002/15*	For	Against	Against		For	Apology	For	For	For	For
19.001/15*	Against	For	Against		For	Apology	For	For	For	For
15.049/14*	For	Against	Against		For	Interest	For	For	For	For

Council decisions that were exclusively voted for or against by the alleged Heart of the Huon councillors (between November 2014 and December 2015)

	<b>Coad</b>	<b>Smith</b>	<b>Woodruff</b>	<b>Mackintosh</b>	<b>Eastley</b>	<b>Wilson</b>	<b>Paul</b>	<b>Heron</b>	<b>Studley</b>	<b>Ruzicka</b>
13.011/15*	Against	Against			Against	For	For	For	For	For
16.018/15*	Against	Against	Against		Against	For	For	For	For	For

	<b>Coad</b>	<b>Smith</b>	<b>Woodruff</b>	<b>Mackintosh</b>	<b>Eastley</b>	<b>Wilson</b>	<b>Paul</b>	<b>Heron</b>	<b>Studley</b>	<b>Ruzicka</b>
16.018/15*	For	For	For		For	Against	Against	Against	Against	Against
16.018/15*	For	For	For		For	Against	Against	Against	Against	Against

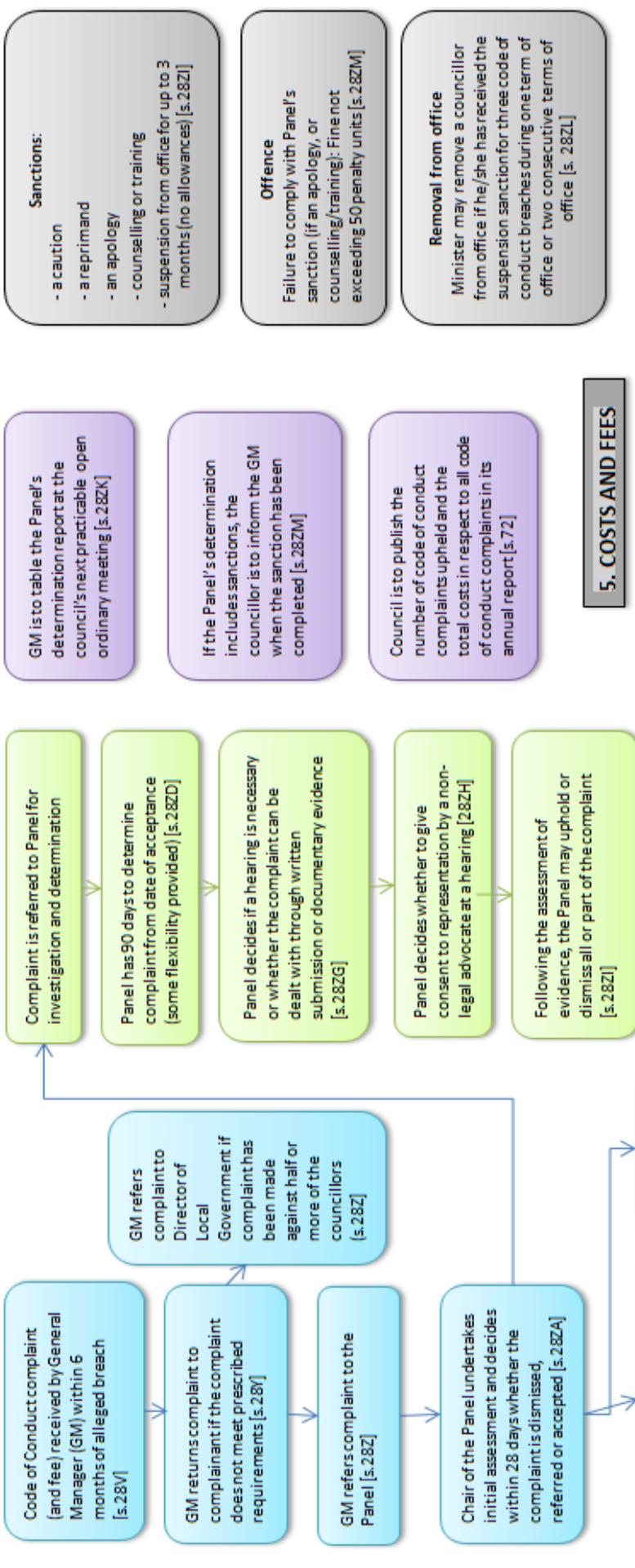
**New Councillor Code of Conduct Framework – Local Government Amendment (Code of Conduct) Act 2015**

Councils are encouraged to adopt a councillor complaint resolution policy to promote informal resolution of disputes between councillors

All councils adopt Model Code of Conduct for councillors made by Ministerial Order (with or without permitted variations) [s.28T]

Minister appoints pool of Code of Conduct Panel Members [s.28K]  
 Executive Officer constitutes Code of Conduct Panel (in the investigation/determination of complaint) by selecting 3 members from the Minister's pool (2 experienced in local government and 1 lawyer) [s.28L]  
 Executive Officer appointed by Secretary of the Department of Premier and Cabinet to undertake the administrative functions of the Panel [s.28M]

**1. COMPLAINT ASSESSMENT**      **2. PANEL INVESTIGATION**      **3. DETERMINATION**      **4. SANCTIONS**



**5. COSTS AND FEES**

The relevant council is responsible for payment of the costs of the Panel and Executive Officer in relation to the complaint [s.28O]  
 Complainant and respondent councillor pay their own costs [s.28ZN]  
 The Minister determines the remuneration and allowances of the Panel and Executive Officer [s.28O]

Item No	Subject Matter	Council Meeting Date
16.076	Planning Application (DA-191/2014) – Partial Change of Use to Visitor Accommodation (Guest House) – 172 Dowlings Road, Huonville	19/11/2014
16.077	Planning Application (SUB-24/2013) – 9 Lot Subdivision and Boundary Adjustment between 2 lots – Land generally to the North of 1630 Cygnet Coast Road, Glaziers Bay (CT6533/3) and 111 Turners Road, Cradoc with access via McMullens Road and alternative access via Turners Road	19/11/2014
16.001	Section 43A Combined Planning Scheme Amendment and Development Application Ordinance Amendment: To incorporate a specified departure into Schedule 8.8 into the <i>Esperance Planning Scheme 1989</i> to allow for part of land referenced as PID 1542899 to be used for the purposes of a transport depot Development Application: Transport depot (Marine bulk loading facility including access road) on part of land referenced as PID 1542899 with road access via 5647 and 5649 Huon Highway, Waterloo to the Huon Highway	28/01/2015
16.002	Planning Application (SUB-18/2013) – 15 Lot subdivision – 6525 Channel Highway, Deep Bay (CT11004/1 and CT110042/1)	28/01/2015
16.003	Minor Amendment to Planning Permit and Application for Extension of Time for Substantial Commencement SUB-4/2012 – 71 Lot Subdivision – 136-138 Main Street, Huonville (CT 162660/5) with access from Sale Street	28/01/2015
16.009	Planning Application (DA-197/2014) – Change of Use from Visitor Accommodation (Holiday Cabin) to Health Centre (Childrens Day Care Centre) and Extension to Building – 100 Voss Road, Huonville	25/02/2015
16.010	Planning Application (DA-50/2014) – Proposed Addition to Existing Boat Building and Repair Workshop – 'The Living Boat Trust' Land (CT215403/1) generally to the east of 3328 Huon Highway, Franklin and adjacent to the Franklin foreshore	25/02/2015
16.011	Planning Application (DA-210/2014) – Change of Use (Existing Outbuilding to Visitor Accommodation) – 105 Glen Huon Road, Huonville	25/02/2015
16.012	Planning Application (DA-211/2014) – Active Recreation (Yoga Studio) and Home Occupation (Food Distribution Business) – 51 Chuter Street, Deep Bay	25/02/2015
16.013	Planning Application (DA-2/2015) – Licenced Establishment (Bottle Shop) – 58 Mary Street, Cygnet	25/02/2015
16.018	Section 43A Combined Planning Scheme Amendment and Development Application Ordinance Amendment: To incorporate a specified departure into Schedule 8.8 into the <i>Esperance Planning Scheme 1989</i> to allow for part of land referenced as PID 1542899 to be used for the purposes of a transport depot Development Application: Transport depot (Marine bulk loading facility including access road) on part of land referenced as PID 1542899 with road access via 5647 and 5649 Huon Highway, Waterloo to the Huon Highway	12/03/2015
17.004	Minor Amendment to Planning Permit DA-80/2007 – Grouped House (9 Dwelling Units) – 4 Walton Street, Huonville	25/03/2015
17.005	Planning Application (DA-15/2015) – Laundromat – 58 Mary Street, Cygnet	25/03/2015

17.012	Planning Application (DA-7/2015) – Grouped House (3 Dwelling Units) – 2744 Huon Highway, Huonville	22/04/2015
17.013	Minor Amendment to Planning Permit SUB-18/2013 – 15 Lot Subdivision – 6525 Channel Highway, Deep Bay (CT11004/1 and CT110042/1)	22/04/2015
17.014	Application for an Extension to the Timeframe for Substantial Commencement of Works Associated with Planning Permit SUB-43/2012 – 2 Lot Subdivision – 11 Emma Street, Cygnet	22/04/2015
17.015	Huon Valley Draft Interim Planning Scheme 2014	22/04/2015
17.019	Planning Application (DA-44/2015) – Partial Demolition, Alterations and Additions and Partial Change of Use to Take-Away Food Shop – 26 Mary Street, Cygnet	27/05/2015
17.026	Endorsement Report for Submission of the <i>Huon Valley Draft Interim Planning Scheme 2015</i> to the Minister for Planning and Local Government for a Declaration by the Minister as an Interim Planning Scheme	24/06/2015
17.027	Planning Application (DA-48/2015) – Construction and Operation of a Telecommunications (NBN) Facility – 77 Cemetery Road, Geeveston	24/06/2015
17.028	Minor Amendment to Planning Permit (DA-7/2015) – Grouped House (3 Dwelling Units) – 2744 Huon Highway, Huonville	24/06/2015
17.029	Minor Amendment to Planning Permit (SUB-7/2011) – 29 Lot Subdivision – Land Opposite 16 to 24 Silver Hill Road, Cygnet (CT 152934/1) with Easement through 10 Charles Street, Cygnet and Crown Road Reserve	24/06/2015
17.030	Planning Appeal	24/06/2015
17.041	Planning Application (SUB-6/2014) – 2 Lot Subdivision and Balance – 23 White Cliffs Road, Brooks Bay with access via Eva Gully Road	26/08/2015
17.042	Subdivision Application (SUB-7/2015) – Subdivision to create 28 Lots to the west of 1779 Huon Highway, Grove (CT31674/1 and 246535/1) with frontage to Huon Highway and Turn Creek Road, (commonly known as Bullock Hill)	26/08/2015
17.043	Planning Application (DA-126/2015) – Dwelling and Outbuilding – 36 Marguerite Street, Ranelagh	26/08/2015
17.025	Request for an Urgent Amendment of the Interim Planning Scheme under Section 301A of the <i>Land Use Planning &amp; Approvals Act 1993</i> – Modification of the Performance Criteria relating to front, side and rear setback standards within the Rural Living, Environmental Living and Rural Resource Zones	23/09/2015
17.026	Planning Application (DA-140/2015) – Construction and Operation of a Telecommunications (NBN) Facility – State Forest Land (CT137972/1) located generally to the south of 328 Lune River Road with access via South Lune Road (Forestry Tasmania Road)	23/09/2015
17.027	Subdivision Application (SUB-24/2015) – Subdivision of 2 lots – 11 Frederick Street, Cygnet	23/09/2015
17.035	Planning Application (SUB-26/2015) – 3 Lot Subdivision – 7093 Huon Highway, Dover	28/10/2015

**Declaration of Interest - Cr Studley**

25 March 2015                      Item 17.004/15

24 June 2015                        Item 17.029/15

23 September 2015                Item 17.027/15





Tasmanian  
Government

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