



Unconfirmed Minutes Special Council Meeting

28 March 2019



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Flinders Council Special Meeting – Unconfirmed Minutes

Thursday 28 March 2019

Venue	Flinders Arts and Entertainment Centre, Whitemark
Commencing	8.00pm
Attendees - Councillors	Mayor Annie Revie Deputy Mayor David Williams Sharon Blyth Aaron Burke Peter Rhodes
Apologies	Vanessa Grace Rachel Summers
Attendees - Staff	Bill Boehm General Manager (8.00 – 8.15pm) Brian Barnewall Works and Airport Manager (8.00 – 8.15pm) Heidi Marshall Accountant (8.00 – 8.15pm) Vicki Warden Executive Officer (minute taker) (8.00 – 8.15pm)

1 Declaration of Pecuniary Interest

In accordance with Regulation 8 of the Local Government (Meeting Procedures) Regulations 2015, Councillors are required to declare any pecuniary interest that they, or any of their close associates, may have in any matter appearing on the agenda, or any supplementary item to the agenda, before any discussion on that matter.

No pecuniary interest was declared.

2 Conflict of Interest

In accordance with the Part 2, paragraph 6 of the Local Government (Model Code of Conduct) Order 2016, Councillors are required to declare any conflict of interest, be in actual, perceived or potential, that they may have regarding any matter appearing on the agenda, or any supplementary item to the agenda before any discussion on that matter commences.

No conflict of interest was declared.

3 Finance

3.1 Airport Runway Commonwealth Government Infrastructure Funding

Action	Decision
Proponent	Council Officer
Officer	Bill Boehm General Manager, Brian Barnewall Works Airport Manager
File Reference	AER/0902
Annexures	3.1.1 Senator Steve Martin Newsletter - March 2019 3.1.2 Draft Funding Agreement (Elected Members Only)

INTRODUCTION

Council has received advice from Senator Steve Martin (Annexure 3.1.1) that Flinders Council has been successful in receiving \$1.8m in capital funding for the Flinders Island Airport Runway Upgrade.

At the March Council Meeting, Council resolved motion no. 76.03.2019, including to:

- (a) *“Incorporate the budget allocations required for the upgrade of the Flinders Island Airport Runway into the 2018/19 budgets and those in subsequent years.*
- (b) **Authorise** *the General Manager to enter into formal arrangements relating to the Flinders Island Airport Runway upon receipt of appropriate grant documents, once the Council has sighted and agreed with any conditions related to the grant.”*

This report provides a formal update that addresses point (b).

PREVIOUS COUNCIL CONSIDERATION

231.08.2015	20 August 2015
262 – 270.09.2015	24 September 2015
74.04.2016	28 April 2016
131.06.2016	16 June 2016
256.10.2017	12 October 2017
76.03.2019	19 March 2019

PREVIOUS COUNCIL DISCUSSION

Council Workshop	3 December 2015
Council Workshop	11 November 2015
Council Workshop	28 September 2017

OFFICER'S REPORT

On Thursday 7 March 2019, Senator Steve Martin announced, on behalf of the Federal Government, funding in relation to the Flinders Island Airport Runway Upgrade (\$1.8m). This funding announcement was extremely welcome and came at an opportune time. On 22 March 2019, this funding was also announced by the Deputy Prime Minister and Minister for Infrastructure and Transport, Michael McCormack, as part of Round 6 of the Australian Government's Remote Airstrip Upgrade Program.

The project involved significant work by Council staff and follows on from a variety of submissions as part of Council's Priority Projects at Commonwealth and State Government levels, as well as the Regional Aviation Access Programme.

The \$1.8m grant will go towards a \$3.6m reconstruction of the long runway via the Commonwealth's Regional Aviation Access Programme. This was our second attempt and we are obviously delighted to be successful. The works will require in-situ foam bitumen

stabilisation, similar to a successful major section repair undertaken approximately 18 months ago. The pavement load capacity will increase, and life of the pavement will extend to around 27 years.

Based on Council's Long-Term Financial Plan, and given that Council will have a challenge financially, cashflow wise, over the next 3 - 4 years, I have written to Minister Peter Gutwein seeking the Government's support of an interest free loan, much like the Northern Regional Economic Stimulus Program that was introduced 3 years ago. This is preferable to borrowing externally or running our operational cash reserves below that level as adopted in Council's Long-Term Financial Plan.

Meanwhile, we await the outcome of our submission to the State Government for some recurrent operational funding for the Airport.

The key issue is to ensure that Council enters into a formal deed at the earliest opportunity. Council has received advice from AusIndustry – the support for Business Division of the Department of Industry, Innovation and Science - that it is essential that formal agreements are entered into prior to the federal election being called. Once this occurs, the Government goes into "Caretaker Mode" and is not able to commit funding such as this until after a new government has been formed. Should this occur, there would be, at the minimum, an unwanted delay, but there is also the potential that a different decision may arise with any new government.

AusIndustry has advised Council that all their clients are being told that 1 April 2019 is the last safest date to formalise grant deeds; hence the timing for this Special Meeting.

Council's motion no. 76.03.2019 requires the following (emphasis added):

"Authorises the General Manager to enter into formal arrangements relating to the Flinders Island Airport Runway upon receipt of appropriate grant documents, once the Council has sighted and agreed with any conditions related to the grant."

All Councillors have been provided with a copy of the department's Funding Agreement which is a standard template. Council has no ability to modify anything other than the operational matters associated with the Project, even if it wished to, as we are receiving a grant from another body who are providing the grant under their terms and conditions.

There are no issues with the draft agreement and I recommend Council proceeds accordingly.

STATUTORY REQUIREMENTS

Local Government Act 1993

POLICY/STRATEGIC IMPLICATIONS

3. Access and Connectivity
- 3.2 Maintain air access to the island and improve performance of the airport.
 - 3.2.1.2 Implement Airport Improvement Plan adopted by Council in November 2017.
 - 3.2.1.3 Develop a business proposal for the State Government to assist with reconstruction of the north-south runway.

BUDGET AND FINANCIAL IMPLICATIONS

The Project is to be included in the 2019/20 year instead of the 2021/22 year, as originally foreshadowed in Council's Long-Term Asset Management and Financial Plan.

RISK/LIABILITY

It is essential from a safety perspective that these works are undertaken as soon as possible. We have already commenced dialogue with Sharp Airlines to minimise disruption during the construction phase.

The reputational risk and potential missed economic growth opportunities, if there is no concerted attempt to facilitate the project within the tight timeframes, are significant, especially at this time, given the level of apparent positive community and now demonstrated political support.

VOTING REQUIREMENTS

Simple Majority

RECOMMENDATION

That Council authorises the General Manager to enter into formal arrangements for \$1.8m funding, under part of Round 6 of the Australian Government's Remote Airstrip Upgrade Program, via the applicable grant documents, which are conditional to Council receiving the grant.

DECISION

87.03.2019 Moved: Cr P Rhodes

Seconded: Deputy Mayor D Williams

That Council authorises the General Manager to enter into formal arrangements for \$1.8m funding, under part of Round 6 of the Australian Government's Remote Airstrip Upgrade Program, via the applicable grant documents, which are conditional to Council receiving the grant.

CARRIED UNANIMOUSLY (5-0)

For: Mayor A Revie, Deputy Mayor D Williams, Cr S Blyth, Cr A Burke and Cr P Rhodes.

A late Annexure, 3.2.8 Supplementary Report, with an alternative recommendation, was tabled for Council consideration as part of Item 3.2. The Annexure is included at the end of these Minutes.

3.2 Flinders Island Marine Access and Safe Harbour Infrastructure Funding

Action	Decision
Proponent	Council Officer
Officer	Bill Boehm General Manager
File Reference	COM/0402
Annexures	3.2.1 Senator Steve Martin Newsletter - March 2019 3.2.2 Tasmanian State Government Funding Commitment 3.2.3 Flinders Council Safe Harbour Final Report 3.2.4 Flinders Council Safe Harbour Revised Cost Estimate Dec 2017 3.2.5 Building Better Regions Safe Harbour Support Letters 3.2.6 Building Better Regions Safe Harbour Jobs Analysis 3.2.7 Capital Project Evaluation Comparison

INTRODUCTION

Council received advice from Senator Steve Martin (Annexure 3.2.1) that Flinders Council has been successful in receiving \$4.8m in capital funding for the Flinders Island Marine Access and Safe Harbour Project. Advice has also been received from the Tasmanian Government that they will commit up to \$0.9m towards this Priority Project (Annexure 3.2.2).

Essentially, this follows on from Council's decision at the 21 September 2017 Council Meeting where Council resolved the following:

1. *“Notes and receives the Flinders Council Marine Access and Safe Harbour Final Report September 2017 prepared by Burbury Consulting;*
2. *Adopts the report recommendations including the substantive recommendation that, in consideration of social, physical and ecological factors, Council endorses the Lady Barron Slipway site as the most suitable of the sites surveyed for the development of a safe harbour marina;*
3. *Confirms that Council ranks this project as the highest priority economic development project for 2017; and*
4. *Identifies potential grant opportunities and commences concept planning and regulatory requirements to gain project ready status.”*

At the 19 March 2019 Council Meeting, Council resolved motion no. 76.03.2019, including:

- (a) *“That, in relation to incorporating the budget allocations required for the Flinders Island Marine Access and Safe Harbour Project into the 2018/19 budgets and those in subsequent years, and entering into formal arrangements upon receipt of appropriate grant documents, a decision is deferred until council has been fully briefed on the impact on budgetary, maintenance and depreciation factors.*
- (b) *That Council immediately authorises Burbury Consulting to proceed with the process outlined in the letter of 30 January 2019, including long term costs and income, and include full council in their workshop discussions as outlined in the said letter and that the appropriate budget allocation be made.”*

This report provides a formal update that addresses point (a), with point (b) already being actioned.

PREVIOUS COUNCIL CONSIDERATION

57.02.2011

17 February 2011

120.04.2011	21 April 2011
128.04.2011	21 April 2011
598.07.2013	18 July 2013
232.09.2017	21 September 2017
300.12.2017	14 December 2017
33.02.2019	19 February 2019
76.03.2019	19 March 2019
77.03.2019	19 March 2019

PREVIOUS COUNCIL DISCUSSION

Council Workshop	6 July 2017
Council Workshop	31 August 2017
Council Workshop	28 March 2019 (scheduled)

OFFICER'S REPORT

On Friday 8 March 2019, Senator Steve Martin announced, on behalf of the Federal Government, funding in relation to the Flinders Island Marine Access and Safe Harbour Project (\$4.8m). This funding announcement is extremely welcome and has come at an opportune time. Upon receiving this advice, the State Government was contacted to again seek a commitment of \$0.9m towards this project. As indicated in Annexure 3.2.2, this has been received with the State Government's contribution coming via TasPorts.

This project involved significant work by Council staff, councillors and members of the community, and follows on from a variety of submissions as part of Council's Priority Projects, as well as a Building Better Regions Funding Application (Safe Harbour).

The \$4.8m grant is a special one-off Community Development allocation for a shovel-ready project. This means that the already foreshadowed need to proceed with the Development Application and land access becomes an urgent priority. Consultants have been engaged to start this work.

The combined \$5.7m funding from the Federal and State Governments is expected to fund the majority of the capital cost of the Project; a far cry from the previous unsuccessful Building Better Regions Funding Application which required Council to contribute \$0.51m. Tasports involvement as a funding partner is also expected to be a positive addition.

The key issue is to ensure that Council enters into a formal deed at the earliest opportunity. Council has received advice from AusIndustry – the support for Business Division of the Department of Industry, Innovation and Science - that it is essential that formal agreements are entered into prior to the federal election being called. Once this occurs, the Government goes into "Caretaker Mode" and is not able to commit funding such as this until after a new government has been formed. Should this occur, there would be, at the minimum, an unwanted delay, but there is also the potential that a different decision may arise with any new government.

AusIndustry has advised Council that all their clients are being told that 1 April 2019 is the last safest date to formalise grant deeds; hence the timing for this Special Meeting.

This is a real and unexpected game changer across many levels.

However welcome, this opportunity comes at a time where a new Council, made up of 5 new members, has limited background to what has been a long process with respect to this project, and has inherited a significantly weakened cash position, even if the projects that have previously been funded have provided, in the main, improved community facilities. In the normal course of events, there would have been an opportunity to provide a briefing of the

knowledge required to reach a decision, some years ahead. Recent events have effectively sidelined this expected approach.

Grant Documents

At the time of preparing this Agenda Item, grant documents have yet to be received.

Impact on Budgetary, Maintenance and Depreciation Factors

Impact on budgetary, maintenance and depreciation factors are complex matters as it involves a variety of expenditure assumptions. At the time of preparing this Agenda Item, work is still being compiled to specifically address this aspect, and this information will be presented in detail at a Council Workshop preceding this Special Council Meeting.

Local Government capital projects invariably provide a range of benefit considerations that need to be factored in. This is well encapsulated in Council's Strategic Plan through the following 5 main Strategic Priorities:

1. *Population growth* – focusing on strategies, projects and policy initiatives that support the community, assist in the economic development and address investment attraction.
2. *Development of infrastructure and services* – placed base approach to planning and delivery to ensure community and environmental values are maintained.
3. *Improve access and connectivity* – work with service providers and other relevant stakeholders to improve security and reliability of access and connectivity in a cost-effective manner.
4. *Developing a strategic, efficient and effective organisation* – to have the ability to respond to risks and opportunities.
5. *Liveability* – to protect, improve and promote the safety, creativity, health and wellbeing of the Islands' communities.

The above Strategic Priorities encompass the Council's overarching philosophy, that of community building and the improvement of infrastructure. It very much aligns to all other councils in our region.

As such, it is essential that, when balancing the current and long-term financial impacts, other matters such as community well-being, revenue increases, wider economic impacts and job creation, are also considered.

To illustrate this aspect, a basic comparison of four (4) recent capital projects (Annexure 3.2.7 Capital Project Evaluation Comparison) is attached. This illustrates the high priority nature of the Safe Harbour Project which, although potentially adding to Council's future financial commitments, has a raft of definable and indefinable benefits that will positively impact our future. Much like the Flinders and Cape Barren Islands Telecoms Transformation Project, this specific project is additional to Council's normal operation.

It is prudent for Council to consider the long-term financial impacts as one consideration, but also these other important distinguishing aspects. Ideally it would be preferable that there was more time available to make a decision, but unfortunately this * option is not available.

For these reasons, and with this acknowledgement, I have included a positive recommendation to proceed.

STATUTORY REQUIREMENTS

Local Government Act 1993

POLICY/STRATEGIC IMPLICATIONS

- 3. Access and Connectivity
- 3.1 Maintain or better the standard of sea access to the Islands.
- 3.1.2 Economic viability of developing an all-weather recreational and leisure vessel
- 3.1.2.1 Continue to advocate and explore opportunities to advance the adopted Flinders Island Marine Access and Safe Harbour Project.

BUDGET AND FINANCIAL IMPLICATIONS

The fee estimates for progressing the proposal to the Development Application lodgment stage of \$28,490 - \$34,290, have been agreed to by Council. The costs to Council to operate the facility will also have to be factored into future years but compared to the original funding proposal it is expected that a significantly less Council allocation will be required.

Impact on budgetary, maintenance and depreciation factors are complex matters, as they involve a variety of expenditure assumptions. At the time of preparing this Agenda Item, work is still being compiled to specifically address this aspect with a Council Workshop being arranged prior to the Special Council Meeting.

The capital requirements for the project will form part of the 2019/20 budget considerations

RISK/LIABILITY

There is currently a major safety issue for boats traversing the area due to a lack of a safe harbour between mainland Australia and Tasmania. Whilst this is not the responsibility of Council per se, never-the-less, for this aspect to be improved, it is essential that Council takes a lead role, as we have potentially the best site available.

The Project also has the potential to be a major tourism and economic drawcard to visitation and is supported by Flinders Island Business Incorporated. It is one of those rare projects that fulfils Federal and State Government aims as key drivers but will not otherwise eventuate without positive affirmative action by Council.

The reputational risk and potential missed economic growth opportunities, if there is no concerted attempt to facilitate the project now, are significant, especially at this time, given the level of apparent positive community, and now demonstrated political support. It would be almost unheard of that any Council, let alone such a tiny island community, would forego such financial support, especially having advocated so hard for so long so.

VOTING REQUIREMENTS

Simple Majority

RECOMMENDATION

That Council agrees to accept the grant for \$4.8m funding from the Australian Government for the Flinders Island Marine Access and Safe Harbour Project.

Mayor Annie Revie passed the Chair to Deputy Mayor David Williams at 8.05pm.

DECISION

88.03.2019 Moved: Mayor A Revie Seconded: Cr S Blyth

That in relation to the Flinders Island Marine Access and Safe Harbour Project, that Council:

- 1. Agrees to accept the grant for \$4.8m funding from the Australia Government for the Project, announced by Senator Steve Martin on 8 March 2019, subject to legal sign off to the satisfaction of council, and subject to the following Grant deed conditions:**

- (a) Council to be able to exit the deed without cost penalty at any stage; and
 - (b) asset ownership and ongoing operational costs are not the responsibility of the Council;
2. Council is not liable for Capital funding of the Project nor any potential overruns;
 3. Confirms that it is Council's desire to work cooperatively with the Commonwealth and State Government and other stakeholders including TasPorts and MAST to potentially deliver the project;
 4. Writes to the State Government Treasurer, the Hon Peter Gutwein, advising of Council's decisions in relation to this project:
 - (a) Acknowledges his letter of the 19 March 2019 and thanks him for the provisional commitment of \$0.9m funds subject to the conditions as outlined in his letter; and
 - (b) Advises that Council will engage with the Hon Jeremy Rockliff as soon as possible to discuss the project and how it might complement the future planned functions and activities at the Lady Barron Port.

CARRIED UNANIMOUSLY (5-0)

For: Mayor A Revie, Deputy Mayor D Williams, Cr S Blyth, Cr A Burke and Cr P Rhodes.

Deputy Mayor David Williams passed the Chair to Mayor Annie Revie at 8.15pm.

Meeting Closed 8.15pm
