Special Meeting

Minutes

5 June 2012

1 Windsor Drive

Windsor Precinct, Riverside

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PROCEDURAL MATTERS.
RULES REGARDING CONDUCT OF MEETINGS

13. WHO MAY ATTEND A MEETING OF THE ASSOCIATION
   (a) Each Member shall be entitled to send a voting delegate to any Meeting of the Association, such voting delegate exercising the number of votes determined according to Rule 16(a).
   (b) After each ordinary Council election, the Chief Executive Officer shall request each Member to advise the name of its voting delegate and the proxy for the voting delegate for Meetings of the Association until the next ordinary Council elections.
   (c) Members may change their voting delegate or proxy at any time by advising the Chief Executive Officer in writing over the hand of the voting delegate or the General Manager prior to that delegate taking his or her position at a Meeting.
   (d) A list of voting delegates will be made available at the commencement of any Meeting of the Association.
   (e) Members may send other elected members or Council officers as observers to any Meeting of the Association.

14. PROXIES AT MEETINGS
   (a) Up to 1 hour prior to any Meeting of the Association, a Member may appoint another Member as its proxy.
   (b) The form of the proxy is to be provided by the Chief Executive Officer and is to be signed by either the Mayor or General Manager of the Council appointing the proxy.
   (c) The Chair of the meeting is not entitled to inquire as to whether the proxy has cast any vote in accordance with the wishes of the Member appointing the proxy.
   (d) Proxies count for the purposes of voting and quorum at any meeting.

15. QUORUM AT MEETINGS
   At any Meeting of the Association, a majority of the Member Councils shall constitute a quorum.

16. VOTING AT MEETINGS
   (a) Voting at any Meeting of the Association shall be upon the basis of each voting delegate being provided with, immediately prior to the meeting, a placard which is to be used for the purpose of voting at the meeting. The placard will be coloured according to the number of votes to which the Member is entitled:

<table>
<thead>
<tr>
<th>Population of the Council Area</th>
<th>Number of votes entitled to be exercised by the voting delegate</th>
<th>Colour placard to be raised by the voting delegate when voting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 10,000</td>
<td>1</td>
<td>Red</td>
</tr>
<tr>
<td>10,000 – 19,999</td>
<td>2</td>
<td>White</td>
</tr>
<tr>
<td>20,000 – 39,999</td>
<td>3</td>
<td>Blue</td>
</tr>
<tr>
<td>40,000 and above</td>
<td>4</td>
<td>Green</td>
</tr>
</tbody>
</table>

   (b) The Chairman of the meeting shall be entitled to rely upon the raising of a coloured placard as the recording of the vote for the Member and as evidence of the number of votes being cast.
   (c) Except as provided in sub-rule (d), each question, matter or resolution shall be decided by a majority of the votes capable of being cast by Members present at the Meeting. If there is an equal number of votes upon any question, it shall be declared not carried.
   (d) (i) When a vote is being taken to amend a Policy of the Association, the resolution must be carried by a majority of the votes capable of being cast by Members present at the Meeting or not.
   (ii) When a vote is being taken for the Association to sign a protocol, memorandum of understanding or partnership agreement, the resolution must be carried by a majority of votes capable of being cast by Members and by a majority of Members, whether present at the Meeting or not.
   (iii) When a vote is being taken to amend the Rules of the Association, the resolution must be carried by at least two-thirds of the votes capable of being cast by Members, whether present at the Meeting or not.
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A Special Meeting of the Association was called to discuss Water and Sewerage.

The President, Mayor Barry Easther, declared the meeting open at 11.00 am.

Central Highlands Council/Central Coast Council

That Standing Orders be suspended to allow for discussion of Water and Sewerage Reform.

Carried

Of the 29 Owner Councils, Sorell and West Coast Council were apologies for this meeting.

With the suspension of standing orders, each Council has one vote in accordance with legislation pertaining to the Water and Sewerage Corporations. It should also be noted that Glenorchy City Council, as an owner council, is in attendance and eligible to vote.

Apologies were received from -

Mayor Sarah Schmerl Break O'Day Council
Mr Adam Wilson Northern Midlands Council
Mayor Kim Polley Northern Midlands Council
Mayor Steve Martin Devonport City Council
Mr Robert Dobrzynski Launceston City Council
Mayor Albert van Zetten Launceston City Council
Mayor Bertrand Cadart Glamorgan Spring Bay Council
Mr David Metcalf Glamorgan Spring Bay Council
Mr Paul West Kingborough Council
Mayor Carmel Torenius Sorell Council
Mr Bill Costin Sorell Council
Mayor Carol Cox Flinders Council
Mayor Greg Barratt King Island Council
Mayor Jan Barwick Tasman Council
Mayor Darryl Gerrity West Coast Council
Attached to these Minutes is a copy of the information provided to Councils by the Working Group for discussion.

A. GOVERNANCE ARRANGEMENTS

Brighton Council/Central Coast Council

That councils continue to support in principle a move to a single corporation subject to changes to legislation, regulations and the constitution of the single entity reflecting the governance arrangements proposed by the LGAT Working Group noting that each recommendation numbered 1 to 10, will be addressed as separate items under this motion.

Carried

Recommendation 1 - Principles of Governance

Brighton Council/Circular Head Council

Corporations Law should provide the basis on which the Corporations are formed.

The Shareholders Letter of Expectation (SLE) should specify that governance guidance should come from the ASX Corporate Governance Principles.

Carried

Recommendation 2 - Parliamentary/Treasury Oversight

Brighton Council/Central Coast Council

Remove legislative requirements:
- To submit Corporate Plan and Shareholders Letter of Expectation (SLE) to Parliament;
- For prescribed membership of directors’ Selection Committee.
- For Treasurer to review amendments to SLE or Corporate Plan.
- For GBE Scrutiny Committee appearances.

Carried
Recommendation 3 - Shareholder Meetings Statewide

Brighton Council/Burnie City Council

The Constitution provide for twice yearly full meetings to consider/approve:
- Corporate Plan
- Dividend as recommended by Board
- Receive the Annual Report and
- Shareholders Letter of Expectation if changes are proposed.

Carried

Recommendation 4 - Shareholder Meetings Regional

Central Coast Council/Kingborough Council

The Shareholders Letter of Expectation require the Chair & CEO to provide quarterly briefings in each region, however regions can elect for less frequent briefings

Carried

Recommendation 5 - Voting at Shareholder Meetings

Brighton Council/Northern Midlands Council

One vote per Council unless a poll is requested in accordance with Constitution.

Where a poll is requested, to voting be based on Asset Contributions (see Q&A appendix A Column 1).

If there are certain protections needed for smaller shareholders that cannot be fully addressed in the Constitution, then it may be appropriate for there to be a Shareholders Agreement.

Carried

Councils Voting Against this Motion requested that their names be recorded in the Minutes, they were -
King Island
Glamorgan Spring Bay
Glenorchy City
Hobart City

The Meeting was of the strong view that additional work was required in relation to when a poll would be required, the circumstances and/or scenarios. It was agreed that once this work was further developed additional information and advice would be provided to councils to allow for more detailed discussion of the matter.
Recommendation 6 - Owners Representatives

**Brighton Council/Kingborough Council**

The current Owners Representatives arrangements (3 per region) be replaced by 29 Representatives.

Owner councils to appoint deputy Representatives/proxies when necessary to ensure their right to representation is retained at all times.

The role of the Owners Representatives to be agreed by owner councils and the current legislation amended accordingly

Carried

Recommendation 7 - Board Structure

**Brighton Council/Clarence City Council**

The Board should comprise 7 directors, including the Chairman.

A quorum will be 4 directors.

The Chair has a single vote.

All directors, including the Chairman, to be independent (as defined in the ASX Corporate Governance Principles).

Applying the ASX Principles definition of ‘independence’, an elected member, an officer or employee of a council cannot also be a director

Carried
Recommendation 8 - Selection Committee

Brighton Council/Southern Midlands Council

The directors selection committee should comprise:
   Two representatives from Local Government in the North-West
   Two representatives from Local Government in the North
   Four representatives from Local Government in the South
   the Board Chairman (once appointed)

AMENDMENT MOTION

Devonport City Council/Circular Head Council

The directors selection committee should comprise:
   Two representatives from Local Government in the North-West
   Two representatives from Local Government in the North
   Two representatives from Local Government in the South
   the Board Chairman (once appointed)

Lost

Brighton Council/Southern Midlands Council

The directors selection committee should comprise:
   Two representatives from Local Government in the North-West
   Two representatives from Local Government in the North
   Four representatives from Local Government in the South
   the Board Chairman (once appointed)

The Original Motion Was Carried

Clarence City Council/Devonport City Council

That the decision of the Selection Committee be ratified by the 29 representatives.

Lost
Brighton Council/Kingborough Council

That the Selection Committee appoints the Board directly without reference to the 29 Representatives.

Carried

Councils Voting Against this Motion requested that their names be recorded in the Minutes, they were -
King Island
Derwent Valley
Devonport City
Glenorchy City
George Town
Hobart City

Recommendation 9 - Distribution Entitlements

Brighton Council/Devonport City Council

Distribution entitlements to follow the Chairman’s Proposal (see Q&A Appendix A Column 5).

In summary, these will result in:
- Southern Councils 50.50%
- Northern Councils 26.25%
- North West Councils 23.25%

Carried

Councils Voting Against this Motion requested that their names be recorded in the Minutes, they were -
West Tamar
Northern Midlands
George Town

Recommendation 10 - Priority Distributions

Brighton Council/Meander Valley Council

Priority Dividends to continue to apply through to the current legislated end date

Carried
B. **Costs of Transition**

**Hobart City Council/Meander Valley Council**

That councils continue to support in principle a move to a single corporation subject to the State Government agreeing to meet all legislative requirements, wind up costs, incorporation costs associated with transition to a single corporation.

**Amendment Motion**

**Brighton Council/West Tamar Council**

That in moving towards the establishment of a single corporation the State Government be requested to meet the cost of all legislative requirements, wind up costs and incorporation costs associated with transition to a single corporation;

The Amended Motion Was Carried

Councils Voting Against this Motion requested that their names be recorded in the Minutes, they were -
Glamorgan Spring Bay
Central Highlands
Huon Valley
George Town
Glenorchy City
Hobart City
King Island
Circular Head
Waratah Wynyard

C. **Protection Against Privatization**

**Meander Valley Council/Derwent Valley Council**

That councils continue to support in principle a move to a single corporation subject to legislative protection against the privatization of the single entity being obtained through the requirement for a referendum involving a 75% affirmative vote.

Carried

D. **Legal Issues and Statutory Costs**

**Hobart City Council/Glenorchy City Council**

That councils continue to support in principle a move to a single corporation subject to the legal issues and statutory costs (eg. stamp duty) involved with the transfer being resolved to the satisfaction of Councils.

Carried
E. VOTING

Hobart City Council/Derwent Valley Council
That councils continue to support in principle a move to a single corporation subject to voting being proportional based upon the equity contribution of each council.

Lost

F. APPROVAL OF INSTRUMENTS OF GOVERNANCE

Hobart City Council/Glenorchy City Council
That councils continue to support in principle a move to a single corporation subject to reviewing and approving all instruments of governance (including the draft legislation, draft constitution, draft Shareholders Letter of Expectation, draft shareholder agreement if required) to ensure the requirements of councils are met.

Carried

G. PROGRESSION OF MATTERS

Devonport City Council/Burnie City Council
That the Local Government Association of Tasmania be required to progress these matters with the State Government, provide councils with timely and regular reports of progress, ensure that appropriate mechanisms and timelines are available for consultation with councils and the corporations and that appropriate arrangements are put into place to allow councils to endorse/approve the relevant instruments and arrangements associated with a move to a single entity.

Carried

The President thanked Members for their contributions and acknowledged the efforts of the Working Group in preparing and providing information to all Councils for this meeting.

There being no further business, the President declared the Special Meeting closed at 1.45pm.