

I hereby certify that the Minutes of the Special Council Meeting held are a true and accurate record of the proceedings contained therein.

Shire President

Date



SHIRE OF WYNDHAM | EAST KIMBERLEY

**MINUTES
SPECIAL COUNCIL
MEETING**

13 August 2014

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**SHIRE OF WYNDHAM EAST KIMBERLEY
MINUTES OF THE SPECIAL COUNCIL MEETING
KUNUNURRA COUNCIL CHAMBERS**

HELD ON WEDNESDAY, 13 AUGUST 2014 AT 5:30 PM

1. DECLARATIONS OF OPENING / ANNOUNCEMENT OF VISITORS

The Shire President declared the meeting open at 5.31pm.

**2. RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE
(PREVIOUSLY APPROVED)**

ATTENDANCE

Cr J Moulden	Shire President
Cr R Dessert	Deputy Shire President
Cr D Learbuch	Councillor
Cr K Wright	Councillor
Cr B Robinson	Councillor
Cr D Spackman	Councillor
Cr S Cooke	Councillor
Cr G Taylor	Councillor
Cr G King	Councillor
G Gaffney	Chief Executive Officer
N Octoman	Director Corporate Services
K Hannagan	Director Infrastructure
L Gee	Director Community Development
A Richards	Governance Officer (Minute Taker)

GALLERY

Jenny Spragg	Rate Payer
Bernice Spackman	Rate Payer
Bevan Spackman	Rate Payer
Hayley McKeen	RPA
Ann Jorritsma	Rate Payer
Cally Dupe	The Kimberley Echo
Tara Glasson	Rate Payer
Mark Northover	Managing Director, Martinjinni Pty Ltd
Simone Rushby	Ord River Contracting
Wayne Richards	Manager Community and Youth (SWEK)
Asanka Jayakody	Coordinator Financial Management (SWEK)

APOLOGIES

Nil

LEAVE OF ABSENCE PREVIOUSLY APPROVED

Nil

3. DECLARATION OF INTEREST

- Financial Interest

Nil

- Impartiality Interest

Nil

- Proximity Interest

Nil

4. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

5. PUBLIC QUESTION TIME

- 1) The following question was submitted by Hayley McKeen:

Why was the item on the Agenda at a Special Council Meeting rather than prior to now?

The Shire President replied:

At the Audit (Finance and Risk) Committee's meeting on 12 August 2014, the Committee recommended that Council convene at a Special Council Meeting on 13 August 2014 to discuss this Item.

- 2) The following question was submitted by Cally Dupe of The Kimberley Echo:

What is the total amount so far of the flood damage?

Kevin Hannagan, Director of Infrastructure provided an answer through the Chair:

The estimated amount for flood damage is \$3M.

6. APPLICATIONS FOR LEAVE OF ABSENCE

Nil

7. PETITIONS

Nil

8. ANNOUNCEMENTS BY THE PERSON PRESIDING WITHOUT DISCUSSION

Nil

9. MATTERS FOR WHICH THE MEETING MAY BE CLOSED

Nil

10. DEPUTATIONS / PRESENTATIONS / SUBMISSIONS / NOTICES OF MOTIONS

Nil

11. REPORTS

11.1 CORPORATE SERVICES

11.1.1 Consideration of a bank overdraft to cover the unbudgeted liability associated with the delay in reimbursement of monies expended in association with the flood event in February 2014

DATE:	13 August 2014
PROPONENT:	Shire of Wyndham East Kimberley
LOCATION:	Shire of Wyndham East Kimberley
AUTHOR:	Natalie Octoman, Director Corporate Services
REPORTING OFFICER:	Natalie Octoman, Director Corporate Services
FILE NO:	N/A

PURPOSE

For Council to approve a \$2.5 million bank overdraft for 2014/15 to assist in covering the impact of remediation works associated with the flood event in February 2014.

BACKGROUND

In 2013/14 the Shire adopted a balanced budget with no estimated surplus to be brought forward to 2014/15 that was not restricted. This essentially means that all programs were anticipated to be fully expended in the 2013/14 financial year and there would be no surplus cash available.

The flood event in February 2014 was declared a WANDRRA event and remediation works commenced immediately to ensure that they could be completed prior to the upcoming wet season in order to prevent further potential damage.

The administration process required for WANDRRA events is extremely time consuming, with the Department of Premier and Cabinet now managing the claims process in conjunction with the Federal Government. History has shown in the case of the flood event in 2011 that it can take up to six months to recoup any funds expended that are associated with remediation works, which has a significant impact on the Shire's cashflow.

STATUTORY IMPLICATIONS

Local Government Act 1995 Part 6, Division 5

6.20. Power to borrow

- (1) *Subject to this Act, a local government may —*
 - (a) *borrow or re-borrow money; or*
 - (b) *obtain credit; or*
 - (c) *arrange for financial accommodation to be extended to the local government in ways additional to or other than borrowing money or obtaining credit,*

to enable the local government to perform the functions and exercise the powers conferred on it under this Act or any other written law.

- (2) *Where, in any financial year, a local government proposes to exercise a power under subsection (1) (power to borrow) and details of that proposal have not been included in the annual budget for that financial year —*
- (a) *unless the proposal is of a prescribed kind, the local government must give one month's local public notice of the proposal; and*
 - (b) *the resolution to exercise that power is to be by absolute majority.*
- (3) *Where a local government has exercised a power to borrow and —*
- (a) *it does not wish to proceed with the performance of the function or the exercise of the power for which the power to borrow was exercised; or*
 - (b) *after having completed the performance of the function or the exercise of the power for which the power to borrow was exercised, any part of the money borrowed, credit obtained or financial accommodation arranged has not been expended or utilized,*

the local government may resolve to expend the money or utilize the credit or financial accommodation for another purpose if one month's local public notice is given of the proposed change of purpose.*

** Absolute majority required.*

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

The flood event has resulted in significant expenditure associated with remediation works that require claims to be made and assessed prior to reimbursement being made. In 2013/14 a total of \$1,072,736.17 was expended, and at the time of writing this report, a further \$822,050.29 had been expended in the 2014/15 financial year, with another \$433,636 in outstanding purchase orders. In total this is almost \$2.5 million that the Shire will fund upfront while the claim process continues.

The \$2.5 million bank overdraft will assist in the day-to-day cashflow management over the next few months. Indications from the Shire's bank are that the following costs will be incurred to maintain the overdraft facility:

Establishment fee: \$3,500 (once-off charge)

Maintenance fee: \$10 per month (\$120 per annum)

Line of Credit Fee: \$500 charged on the last day of each quarter (\$2,000 per annum)

Interest rate: 7.95% which will be charged only on any funds that are utilised.

The officer is suggesting that the bank overdraft facility is maintained as an ongoing arrangement which will ensure that sufficient funds are available at year-end and if another situation such as this occurs, it will not have a significant cashflow impact.

STRATEGIC IMPLICATIONS

Strategic Community Plan 2012-2022

Goal 1: Strong leadership and governance that underpins a more strategic approach to community engagement, regional development and organisational sustainability.

Objective 1.4: Business innovation, efficiency and improved service

Strategy 1.4.1: Ensure legislative compliance and follow best practice principles in planning and service delivery.

Strategy 1.4.3: Maintain Council's long term financial viability.

COMMUNITY CONSULTATION

The *Local Government Act 1995* requires one month's local public notice to be provided.

COMMENT

Almost \$2.5 million has been funded upfront by the Shire for the flood remediation works while it undertakes the claim process with the State and Federal Government. In Western Australia, there is no history of the Government providing a 50% prepayment of the estimated total works, unlike in the eastern states where it is recognised that works such as these can have a significant impact on cashflow management, particularly of smaller local governments.

Clearly, with a balanced budget situation, the Shire cannot afford to fund these works without it having a significant impact on its cashflow. In order to manage the day-to-day operations until such time as the WANDRRA reimbursements are received, the officer is proposing to take out a bank overdraft facility to assist in the cashflow management of the Shire.

ATTACHMENTS

There are no attachments associated with this report.

VOTING REQUIREMENT

Absolute Majority

OFFICER'S RECOMMENDATION 1

That as a result of unbudgeted liability associated with the delay in reimbursement of monies expended as a result of the flood event in February 2014 that Council:

- 1) advertise for one month, via local public notice the intention to take out a \$2.5 million bank overdraft to cover the expenditure associated with the flood event in February;
- 2) notes that the bank overdraft will be an ongoing facility and incorporated into the annual budget for adoption;
- 3) requires the status of the overdraft facility to be a standing item on the Audit (Finance and Risk) Committee Agenda.

VOTING REQUIREMENT: ABSOLUTE MAJORITY

Moved: Cr K Wright
Seconded: Cr R Dessert

Cr Spackman asked to foreshadow a Motion at this time in the proceedings which the Shire President denied.

Cr Spackman called a Point of Order.

MOTION

Cr K Wright moves to suspend Standing Order 7.5 *Limitation of Number of Speeches*.

DECISION

Minute No. 10500

Moved: Cr K Wright
Seconded: Cr D Spackman

That Council suspend Standing Order 7.5 *Limitation of Number of Speeches*.

Carried Unanimously 9/0

MOTION

Cr K Wright moves that Council adjourn for 10 mins or until such time as the CEO is able to obtain an official determination from the Local Government Department regarding the President's move to decline the allowance of a foreshadowed Motion.

DECISION

Minute No. 10501

Moved: Cr K Wright
Seconded: Cr D Spackman

That Council adjourn for 10 mins or until such time as the CEO is able to obtain an official determination from the Local Government Department regarding the President's move to decline the allowance of a foreshadowed Motion.

Carried 7/2

**For: Cr K Wright, Cr D Spackman, Cr D Learbuch, Cr B Robinson, Cr S Cooke
Cr G Taylor, Cr G King
Against: Cr R Dessert, Cr J Moulden**

The Meeting was adjourned at 6.05pm.

The Meeting was reconvened at 6.15pm.

Cr J Moulden will note Cr D Spackman's foreshadowed Motion.

Natalie Octoman, Director Corporate Services and Louise Gee, Director Community Development entered chambers at 6.23pm.

MOTION

Cr B Robinson moves to resume Standing Order 7.5 *Limitation of Number of Speeches*.

DECISION

Minute No. 10502

Moved: Cr B Robinson

Seconded: Cr S Cooke

That Council resume Standing Order 7.5 *Limitation of Number of Speeches*.

Carried Unanimously 9/0

Cr K Wright withdrew Point of Order.

Cr D Spackman foreshadowed a Motion

That as a result of unbudgeted liability associated with the delay in reimbursement of monies expended as a result of the flood event in February 2014 that Council:

- 1) advertise for one month, via local public notice the intention to take out a \$2.5 million bank overdraft to cover the expenditure associated with the flood event in February;
- 2) to be used only for reimbursement of WANDRRA funding;
- 3) requires the status of the overdraft facility to be a standing item on the Audit (Finance and Risk) Committee Agenda.

DECISION

Minute No. 10503

Moved: Cr K Wright

Seconded: Cr R Dessert

That as a result of unbudgeted liability associated with the delay in reimbursement of monies expended as a result of the flood event in February 2014 that Council:

- 1. advertise for one month, via local public notice the intention to take out a \$2.5 million bank overdraft to cover the expenditure associated with the flood event in February;**
- 2. notes that the bank overdraft will be an ongoing facility and incorporated into the annual budget for adoption;**
- 3. requires the status of the overdraft facility to be a standing item on the Audit (Finance and Risk) Committee Agenda.**

VOTING REQUIREMENT: ABSOLUTE MAJORITY

Carried 8/1

**For: Cr K Wright, Cr R Dessert, Cr J Moulden, Cr D Learbuch, Cr B Robinson,
Cr S Cooke, Cr G Taylor, Cr G King**

Against: Cr D Spackman

12. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

13. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

Nil

**14. URGENT BUSINESS APPROVED BY THE PERSON PRESIDING OR BY
DECISION**

Nil

15. CLOSURE

The Shire President declares the meeting closed at 6.36pm.