



SHIRE OF
DOWERIN
TIN DOG TERRITORY

AGENDA

Special Council Meeting

To be held in Council Chambers
13 Cottrell Street, Dowerin WA 6461
Tuesday 23 November 2021
Commencing 5.00pm





NOTICE OF MEETING

Dear President and Councillors,

A Special Council Meeting will be held on Tuesday 23 November 2021 in the Shire of Dowerin Council Chambers, 13 Cottrell Street, Dowerin commencing at 5.00pm. The purpose of the meeting will be to resolve Disaster Recovery Funding Arrangements Western Australia (DRFAWA) Short Term Borrowings and the Dowerin Oval Irrigation Tender.

Rebecca McCall
Chief Executive Officer
19 November 2021

DISCLAIMER

Statements or decisions made at this meeting should not be relied or acted on by an applicant or any other person until they have received written notification from the Shire. Notice of all approvals, including planning and building approvals, will be given to applicants in writing. The Shire of Dowerin expressly disclaims liability for any loss or damages suffered by a person who relies or acts on statements or decisions made at a Council or Committee meeting before receiving written notification from the Shire.

The advice and information contained herein is given by and to Council without liability or responsibility for its accuracy. Before placing any reliance on this advice or information, a written inquiry should be made to Council giving entire reasons for seeking the advice or information and how it is proposed to be used.

It should be noted that the Attachment hyperlinks may not be functional from this document when sourced from the Shire of Dowerin's website. Attachment copies follow on from the end of the Agenda.

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Shire of Dowerin
Special Council Meeting
5.00pm Tuesday 23 November 2021



1. Official Opening

2. Record of Attendance / Apologies / Leave of Absence

Councillors:

Cr RI Trepp	President
Cr BA Ward	Deputy President
Cr WG Allsopp	
Cr LG Hagboom	
Cr DP Hudson	
Cr NP McMorran	
Cr AJ Metcalf	
Cr JC Sewell	

Staff

Ms R McCall	Chief Executive Officer
Mr L Vidovich	Manager Works & Assets
Ms L Dreghorn	Executive & Governance Officer

Members of the Public:

Apologies: Ms C Delmage, Manager Corporate & Community Services

**Approved Leave of
Absence:**

3. Public Question Time

4. Disclosure of Interest

Councillors are to complete a Disclosure of Interest Form for each item they are required to disclose an interest in. The Form should be given to the Presiding Member before the meeting commences. After the meeting, the Form is to be provided to the Executive & Governance Officer for inclusion in the Disclosures Register.

5. OFFICER'S REPORTS - CORPORATE AND COMMUNITY SERVICES

5.1 Disaster Recovery Funding Arrangements Western Australia (DRFAWA) Short Term Borrowings

<h1>Corporate & Community Services</h1>		 SHIRE OF DOWERIN TIN DOG TERRITORY
Date:	17 November 2021	
Location:	Not Applicable	
Responsible Officer:	Cherie Delmage, Manager Corporate & Community Services	
Author:	Cherie Delmage, Manager Corporate & Community Services	
Legislation:	<i>Local Government Act 1995;</i> <i>Local Government (Financial Management) Regulations 1996</i>	
SharePoint Reference:		
Disclosure of Interest:	Nil	
Attachments:	Attachment 5.1A - Public Submissions Received	

Purpose of Report

Executive Decision

Legislative Requirement

Summary

Recommendation to Council for the approval of unbudgeted borrowings via the Western Australian Treasury Corporation (WATC) Short Lending Facility up to the value of \$1.5 million dollars for a period of eighteen months.

Background

The Shire experienced widespread damage to its roads during the February 2020 flooding event. To receive State funding via Disaster Recovery Funding Arrangements Western Australia (DRFAWA), there are several criteria that must be met:

1. The damage must be confirmed to be the result of a natural disaster (determined by DRFAWA);
2. The total value of the damage must exceed \$250,000;
3. Excluding any emergency reopening works, the works must be undertaken by a contractor and not the Shire; and
4. The Shire must contribute a portion of own funding which is determined by DRFAWA. In this instance, the Shire of Dowerin must contribute a total of \$164,000.

Les Hewer Consulting Services (HCS) prepared and submitted the original emergency reopening works claim which, once approved, is 100% claimable and the Shire is able to use its own resources along with contractors. HCS claims for initial reopening works were accepted to a total value of \$313,866.

An original assessment conducted by Les Hewer Consulting Services gave an estimated reinstatement cost of \$2,322,970.

A tender for the project management of the reinstatement of flood damaged roads occurred and GHD were awarded the tender at its Ordinary Council Meeting held on 16 June 2020, Item 15.3, CMRef 0221.

An extensive review of required works undertaken by GHD, and approved by DRFAWA, has been costed at an estimated \$5,740,902.48.

For the first time, DRFAWA provided an advance payment of 20% to the value of \$1,148,180. These funds were put into a separate account to allow for better financial management. As at 13 October 2021, the cost of flood damage works not covered by the initial emergency funding is as follows:

Year	\$
2020/2021	798,569
2021/2022	1,091,358
Total	1,889,927

On 18 August 2021, funds of \$800,000 were transferred from the DRFAWA Account into the Shire of Dowerin's Municipal Account. The remaining \$348,180 will be transferred by 31 October 2021.

All payments received from DRFAWA have an amount of 25% of each claim withheld to offset the advance payment. GHD have submitted 11 claims to the Shire approving contractor payments. To date, DRFAWA has confirmed:

2020/2021	Claim 1	\$26,359.52 minus 25% for a total of \$19,769.64 (Claim provided to DFES 8 June 2021)
	Claim 2	\$127,662.50 currently under review
	Claim 3	\$321,964.38 submitted but review has not commenced
2021/2022	Claim 1	\$210,644.17 submitted but review has not commenced
	Claim 2	\$61,522.50 submitted but review has not commenced

The current lag time between expenditure and funding is significant. Claim 1 was lodged on 8 June 2021 and payment was not received until 23 September 2021.

If the Officer Recommendation is not supported by Council by Absolute Majority, it is likely that the Shire will be unable to meet general operational costs as well as capital works and flood damage works. In the event of a stand down due to insufficient funding, DRFAWA will not absorb any associated costs that this incurs. All work MUST be completed and ALL claims submitted by 30 June 2022.

Comment

At its Ordinary Meeting in October 2021, Council resolved to:

Officer's Recommendation/Resolution

Moved: Cr Metcalf **Seconded:** Cr Allsopp

0503 That, in accordance with Section 6.20(1) of the *Local Government Act 1995*, Council approves that the Shire:

1. Authorise the CEO to advertise for a period of one-month via public notice, the intention of the Shire to apply for a short-term loan with Western Australian Treasury Corporation (WATC) for the amount of \$1.5 million dollars to assist with cash-flow due to the lag time between expenditure and funding as outlined above;
2. Request that the CEO provides a report to Council after the one-month notice period has passed to advise Council of any submissions received; and
3. Authorise the CEO to commence the process of taking out a short-term loan for up to \$1.5 million dollars by the WATC.

CARRIED 8/0

The intention to borrow was advertised on the Shire website on Thursday 21 October 2021 for a period of one month. At the close of the advertising period, Monday 22 November 2021, 1 public submission was received as seen in Attachment 5.1A.

It remains the recommendation of the Officer to proceed with the application for a short-term loan facility with the Western Australian Treasury Corporation (WATC).

Consultation

Rebecca McCall, Chief Executive Officer
Cherie Delmage, Manager Corporate & Community Services
Wayne Syme, Disaster Recovery Funding Officer, DFES
Tamara Marsh, Senior Client Relationship Manager, WATC

Policy Implications

Nil

Strategic Implications

Strategic Community Plan

Community Priority: Our Organisation

Objective: We are recognised as a transparent, well governed, and effectively managed Local Government

Outcome: 5.3

Reference: 5.3.2

Asset Management Plan

Nil

Long Term Financial Plan

Nil

Statutory Implications

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Subdivision 3 - Borrowings; 6.20 (1) and Power to borrow 6.20 (2) (a); and (b)

All borrowings not included in the annual adopted budget are required to advertise for a minimum of one months' notice and the resolution to undertake this proposal must be made by absolute majority.

Risk Implications

Risk Profiling Theme	Failure to fulfil statutory regulations or compliance requirements
Risk Category	Financial Impact
Risk Description	More than \$500,000
Consequence Rating	Major (4)
Likelihood Rating	Almost Certain (5)
Risk Matrix Rating	Extreme (20)

Key Controls (in place)	Governance Calendar, Financial Management Framework & Legislation
Action (Treatment)	Establish a Short-Term Liquidity Facility with WATC
Risk Rating (after treatment)	Effective

Financial Implications

The Short-Term Liquidity Facility is set up like a bank overdraft where there is no cost until the funds are drawn down. The interest rate will be determined at the time of drawdown and based on the intended period of coverage ie: draw down \$500,000 for a period of three months, a percentage of 0.37% will apply along with a Guarantee Fee of 0.7% (total of 1.07%). The Guarantee Fee is fixed and is not impacted by either the amount of funding drawn down nor the period of draw down. The interest rate will vary between drawdowns based on the interest rate at the time of drawn down and the anticipated duration of drawdown.

The financial implications will depend on the amount drawn down and the length of time it is drawn down. At this point in time, it is unlikely that Council will need to utilise the full recommended facility of \$1.5m and it is further anticipated that any draw down, would not exceed a period of four months. Four months is based on the current lag time.

If Council proceeds with the Officer Recommendation, associated interest costs will be allocated to GL: 2120270 - ROADM - Loan Interest Payments and the Guarantee Fee cost of 0.70% will be allocated to GL: 2030211 GEN PUR - Bank Fees & Charges. The 0.70% Guarantee Fee is invoiced on a semi-annual basis. Currently there is no budget allocation for GL: 2120270 but this will be addressed in the budget review if the proposal goes ahead.

If the full \$1,500,000 is drawn down at once, the guarantee fee will increase by approximately \$10,000 but this is neither the intention of the facility nor likely to occur.

In essence, any increase of the overdraft would result in an application fee which is not applicable to the WATC offering. It is unlikely that an overdraft of funds to the amount we require would be an appropriate tool and would be better served using a similar short term loan product. The Shire of Dowerin NAB Account Manager is due to call the MCCS on Monday to discuss options but in this instance, it is considered that the WATC option to be the most financially viable option and will not be able to be matched by NAB.

The Shire has a current overdraft facility of \$60,000 which has not been drawn on. Although not in writing, the NAB representative did acknowledge that the capacity for them to match what is available at WATC is extremely unlikely. The current overdraft rate if funds are drawn down is currently over 4% and any changes made to the overdraft will incur an application/establishment fee.

Voting Requirements



Simple Majority



Absolute Majority

Officer's Recommendation - 5.1

That, in accordance with Section 6.20(1) of the *Local Government Act 1995*, Council authorises the CEO to finalise the short-term loan facility with the Western Australian Treasury Corporation (WATC) as per Council Resolution (CMRef 0503) from the Ordinary Meeting of Council held on 19 October 2021.

6. Matters Behind Closed Doors

6.1 Tender T2021-04 – Acceptance of Tender Submissions

In accordance with Sections 5.23(2)(e) and 5.23(2)(c) of the *Local Government Act 1995*, Council will go Behind Closed Doors to discuss a matter that if disclosed, would reveal information that has a commercial value to a person and a contract which may be entered into by the local government.

Voting Requirements

Simple Majority Absolute Majority

Officer's Recommendation – 6.1

That, in accordance with Sections 5.23(2)(a) and 5.23(2)(e) of the *Local Government Act 1995*, Council go Behind Closed Doors.

The matter of Tender T2021-04 – Determination of Tender Submissions will be discussed and resolution made.

Voting Requirements

Simple Majority Absolute Majority

Officer's Recommendation – 15.1A

That, in accordance with Section 5.23(1) of the *Local Government Act 1995*, Council come out from Behind Closed Doors.

The President will read aloud the Council Resolutions made Behind Closed Doors. This will be reported in the Minutes.

7. Closure

Shire of Dowerin

PO Box 111

Dowerin 6461

Landeny Farm

PO Box 45

Dowerin 6461

26th Oct 2021

To Rebecca McCall (CEO & to All Councillors)

Submission Re the short-term loan of up to 1.5 million dollars for periods up to twelve months.
(as was published under Public Notice, in the Dowerin Despatch 22rd October)

From the Phillips Family (Ian and Lyn Phillips)

We disagree with the borrowing of the above money (up to 1.5M dollars).

We disagree, due to a lack of detail, as it could be spent on anything.

The Flood Damage Road Works is a very expensive and extensive project, and as such should have been budgeted for. We are a small Shire, with few Rate Payers.

We believe there is a Conflict of Interest, with Shire Councillors and Local Contractors.

No clearing Permits were issued, for this large scale clearing of road verges (to our knowledge).
The GHD Site Manager, Brett left – why?

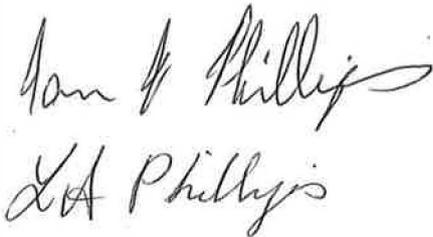
Recently, the Shire of Dowerin has many projects, and we would hope there is responsible spending, within the budget.

Problems in the past with spending, have made us cautious, and thus we question why the Shire needs this loan.

We believe other roads in the Dowerin Shire need repair, and have been neglected, due to the extensive DRFAWA project.

Your sincerely,

Ian and Lyn Phillips

The image shows two handwritten signatures in black ink. The top signature is 'Ian & Lyn Phillips' written in a cursive, flowing style. The bottom signature is 'LA Phillips' written in a more stylized, shorthand cursive.