



Shire of Pingelly

Minutes

Special Council Meeting
3 June 2020

Contents

1.	DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS	3
2.	ACKNOWLEDGEMENT OF COUNTRY	3
3.	ANNOUNCEMENTS BY THE PRESIDING MEMBER	3
3.1	Council Agenda Reports.....	3
4.	RECORD OF ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE	3
5.	RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE.....	3
6.	PUBLIC QUESTION TIME	3
7.	APPLICATIONS FOR LEAVE OF ABSENCE	3
8.	DISCLOSURES OF INTEREST	3
9.	CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS.....	3
10	OFFICE OF THE CHIEF EXECUTIVE OFFICER	4
10.1	Amendment to Loan Strategy	4
11	DIRECTORATE OF CORPORATE AND COMMUNITY SERVICES.....	6
12.	DIRECTORATE OF TECHNICAL SERVICES	6
13.	ELECTED MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN	6
14.	NEW BUSINESS OR URGENT BUSINESS INTRODUCED BY DECISION OF THE MEETING ..	6
15.	CLOSURE OF MEETING	6

1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Chairman declared the meeting open at 1:00pm.

2. ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the Noongar people of this area and recognise their continuing connection to land, waters and community. We pay respect to both the Aboriginal and non-Aboriginal people past and present and emerging.

3. ANNOUNCEMENTS BY THE PRESIDING MEMBER

Nil.

3.1 Council Agenda Reports

Please note that all elected members have been provided with the relevant information pertaining to each Officers reports within today's Agenda and the Officer Recommendations are based on Council Policy and or State Acts and Legislation.

4. RECORD OF ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE

MEMBERS PRESENT

Cr W Mulroney (President)
Cr J McBurney (Deputy President)
Cr K Hastings
Cr B Hotham
Cr P Narducci
Cr A Oliveri
Cr P Wood

STAFF IN ATTENDANCE

Ms J Burton Chief Executive Officer
Mr S Billingham Director Corporate and Community Services
Mr D Watkins Director Technical Services

APOLOGIES

Cr D Freebairn

5. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil.

6. PUBLIC QUESTION TIME

No members of the public present.

7. APPLICATIONS FOR LEAVE OF ABSENCE

Nil.

8. DISCLOSURES OF INTEREST

Nil.

9. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

N/A

10 OFFICE OF THE CHIEF EXECUTIVE OFFICER

10.1 Amendment to Loan Strategy

File Reference:	ADM0067
Location:	Not Applicable
Applicant:	Not Applicable
Author:	Chief Executive Officer
Disclosure of Interest:	Nil
Attachments:	Nil
Previous Reference:	Nil

Summary

Council is requested to endorse the loan strategy for the 2019/20 and 2020/21 years with regard to the conversion of the short term borrowing of \$1,200,000 to a long term debenture.

Background

The existing short term loan of \$1,200,000 was initiated to complete the Pingelly Recreation and Cultural Centre, under a three year lending agreement with the Western Australian Treasury Corporation (WATC). As a part of the 2019/20 Budget, Council adopted the financial strategy to convert the short term borrowing to a long term (20 year) debenture.

During the process to convert the loan in October 2019, WATC advised that the adopted 2019/20 Budget had deviated from the agreed expenditure and income levels as referenced in the Lending Agreement, and that further analysis was required prior to the loan being converted. This feedback triggered an early budget review and a full refresh of the Long Term Financial Plan, in order to demonstrate the Shire's financial sustainability.

Comment

Following a number of discussions with WATC, and subsequent to their analysis of the 2019/20 Budget Review and the draft Long Term Financial Plan, WATC have confirmed the ability to convert \$700,000 to long term borrowings in the 2019/20 year, with consideration of the remaining \$500,000 to occur in the 2020/21 year. The conversion of the \$700,000 would occur in June 2020.

An alternative financial strategy is the continuation of the short term borrowing through to the 2020/21 financial year, with conversion to a long term debenture delayed for a further 6 – 12 months. This would in effect delay the commencement of the principal component of the repayment, and have a positive cash flow impact, however, would further delay the payout period of the loan.

The conversion of \$700,000 to loan term borrowings is seen as a positive step at a time when interest rates are at an all time low.

Consultation

Western Australian Treasury Corporation

Statutory Environment

Nil

Policy Implications

Nil

Financial Implications

As a part of the 2019/20 Budget Review, an adjustment was made to the number of repayments required in the current financial year due to the delay in converting the loan. No further effect will be realised in the current budget.

The Long Term Financial Plan will be adjusted to reflect the loan structure if the recommendation is adopted by Council.

Strategic Implications

Goal 5	Innovation Leadership and Governance
Outcome 5.6	Financial systems are effectively managed
Strategy 5.6.1	Financial management and reporting systems are able to deliver on all administrative and management functions and long term financial planning requirements

Risk Implications

Risk	Failure to provide satisfactory financial statements in both 2019/20 and 2020/21 may deem the Shire ineligible to convert the remaining \$500,000 to a long term debenture
Risk Rating (Prior to Treatment or Control)	Medium (9)
Principal Risk Theme	Financial, Reputational
Risk Action Plan (Controls or Treatment Proposed)	Careful financial planning for the 2020/21 year to ensure the budget is achieved. A further review of the Long Term Financial Plan in March 2021 will provide WATC an increased level of confidence in the financial position of the Shire.

Consequence Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

Voting Requirements

Simple Majority

12852 Moved: Cr McBurney

Seconded: Cr Oliveri

Recommendation and Council Decision

Council is requested to endorse the amended financial strategy for the 2019/20 and 2020/21 financial years in relation to \$1,200,000 in short term loan borrowings with the Western Australian Treasury Corporation, being:

- 2019/20 Conversion of \$700,000 to long term borrowings (20 years)
- 2020/21 Conversion of \$500,000 to long term borrowings (20 years)

Carried: 6/1

Against: Cr Hastings

11. DIRECTORATE OF CORPORATE AND COMMUNITY SERVICES

Nil.

12. DIRECTORATE OF TECHNICAL SERVICES

Nil.

13. ELECTED MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

14. NEW BUSINESS OR URGENT BUSINESS INTRODUCED BY DECISION OF THE MEETING

New business of an urgent nature introduced by decision of the meeting. Best practice provides that Council should only consider items that have been included on the Agenda (to allow ample time for Councillors to research prior to the meeting) and which have an Officer Report (to provide the background to the issue and a recommended decision).

Nil.

15. CLOSURE OF MEETING

The Chairman declared the meeting closed at 1:04pm