



SHIRE OF COOLGARDIE

MINUTES

FOR THE

SPECIAL MEETING OF COUNCIL

14th March 2008

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1.0 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The Shire President, D.L Bergmeier officially declared the Special Meeting of Council open at 6.03pm and welcomed public.

2.0 ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE

2.1 PRESENT:

PRESIDENT	D.L. BERGMEIER
DEPUTY PRESIDENT	N.J. KARAFILIS
COUNCILLOR	D.B. MCINTOSH
COUNCILLOR	A. MILLS
COUNCILLOR	C.R. ASHWORTH
COUNCILLOR	E. WINTER
COUNCILLOR	M.J. DONKIN

MEMBERS OF STAFF:

Chief Executive Officer – L.P. STRUGNELL
Manager Corporate Services - G.J. GREGAN
Manager Development Services – G.S. BENSON
Manager Development Services – B.J. ISBISTER
Minute Secretary – E.M. (Betty) DALMASO

MEMBERS OF THE PUBLIC:

Kurt Muller – Private
Marlene Cullen – Private
Sheree Thomsen – Public
Daphne Simmon – Premier Café
Andrew Leitch – Public
Noeline Cullen – T.E. Cullen & Son
Malcolm Cullen – T.E. Cullen & Son
Trevor Sholson – NARA
Lorraine Sholson – Community
Mabel Kartinyeri – CAPS
Anne McNally – Public

2.2 APOLOGIES:

COUNCILLOR	R.J. WARING
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2.3 NOTIFICATION OF LEAVE OF ABSENCE:

NIL

3.0 DECLARATIONS OF INTEREST

3.1 DECLARATIONS OF FINANCIAL INTERESTS – LOCAL GOVERNMENT ACT SECTION 5.60A

- NIL

3.2 DECLARATIONS OF PROXIMITY INTERESTS – LOCAL GOVERNMENT ACT SECTION 5.60B

- NIL

3.3 DECLARATIONS OF IMPARTIALITY INTERESTS – ADMINISTRATION REGULATION 34C

- NIL

4.0 PUBLIC QUESTION TIME

Shire President, Mr Bergmeier invited the public to ask questions related to the Meeting agenda and explained that the questions can also relate to the Audit Committee Meeting.

Daphne Simmons:

Q. With the form that was given showing the breakdown of the Kambalda Community & Recreation Centre - I was just wondering if the money that was raised with the grants? Does that have to be specifically spent at the Recreation Centre?

A. Mr Bergmeier answered, Yes.

Q. The money that has been received so far and the money that has been spent to this point - there is a \$1,841,000 difference. Can anyone explain this difference?

A. Manager Corporate Services, Mr G.J. Gregan answered, some of the grants that have been received were invested in Grange Securities a couple of years ago. Most grants we have now are held in the restricted cash account and to date we have received \$5.5m and spent \$3.5 million.

Q. Is that legal for the money to be put in Grange if it is grant money?

A. Mr Gregan replied, yes that is legal. Up until July last year there were no problems with that money. Other monies Australian Sports Foundation, Department of Infrastructure, Transport, Regional Development and Local Government (formally Department of Transport and Regional Services), TOURISM WA, etc. are either in the restricted cash account or in term deposits.

Q. If it is going to cost \$13m to build Kambalda Community & Recreation Centre and funding is \$9m including the Shire of Coolgardie contribution, there is a shortfall of \$4m.

A. Mr Gregan advised that the total pledges amount to \$2.2m. The last financial year received \$700,000, that doesn't include all the other grant monies. In terms of total funding \$2m are in shire loans. The first \$2.5m was funded by Shires own funds. The project is totally funded it just depends on when we receive the fund.

Q. The \$1m lost in Grange Securities will have to come out of the Shire?

A. Mr Gregan agreed that Council will need to decide on a plan of action for that.

Q. So can we pull our money out?

A. We can... Mr Gregan said that if we leave our investments in Grange Securities till maturity, the investments are capital guaranteed.

Q. So are you saying that this company hasn't gone down then?

A. Mr Gregan answered, no they have been taken over.

Patrick Mullens - 36 Bayley Street:

Q. An article in the Kalgoorlie Miner 26/09, noted the loss of interest to the Coolgardie Shire was \$238,000 - that was to the end of August.

What I would like to ask the Council, who were the undersigned when you decided to lock yourself into this casino.... This would not have happened if this investment had not been decided on.

I ask the Council and the Shire, would any of you here put your \$6m tied up in a high risk long term investment?

Who were the Councillors responsible that undersigned and put us at risk by putting this money in Grange Securities?

Who authorised this investment into Grange Securities?

A. Mr Bergmeier answered, in a word - the Council authorised.

The recommendation was given to Council and supported by then Chief Executive Officer. A representative of the then Grange Securities gave a sales pitch and the Council voted to accept. Remembering when that investment was undertaken, it wasn't seen as high risk because you could remove your investment at any time. What's made it risky now is the subprime market. We have investments that have been associated with that investment which has dropped. The problem now is that because that investment has dropped so far, council has decided not to withdraw the funds.

Q. Not unless they go broke.

A. Mr Bergmeier, the investment met the Act that had to be.

Mr Gregan, said in the investments there was one security that was invested that was clearly outside the scope of our policy which was cancelled immediately.

They are linked to debt. No investments are listed to an asset. We do have some bank note investments which are still losing their value and in short, however, as far as the investments are concerned, the investments did comply with the Act at the time. There are a number of Councils in Western Australia and Australia who are affected by this. The Grange Securities did do a sales pitch, it is arguable whether the pitch included all risks. The economy has changed and the value of these things has suffered. It is a complex issue and it has taken a long time for Council to get a handle on this. It was based on the information of the day.

Q. Can you tell the committee, how much money has been lost today in Grange Securities? What is the present state today? Out of the \$5m, how much at this point today do we still have?

A. Mr Gregan advised that there is currently \$3.2m invested. When it was \$5m we sold those items for no loss, it is currently in today's valuation \$2.15m. That is a

paper figure so it is not actually a loss. The investments are still an investment. Remembering that the full amount of that investment is recoverable at maturity.

Gabby Simmons:

Q. How much money was given to Grange in the beginning?

A. Mr Gregan advised that he is not exactly sure of the original investment but can certainly get that figure for you.

Anne McNally:

Q. Is there a guarantee that the investment will be worth what we expect it too?

A. Mr Gregan said these particular items are guaranteed on maturity.

Malcolm Cullen - 25 Bayley St:

Q. At the meeting the other day, it was brought up about the split of the shire. Can the new Chief Executive Officer be put back in Coolgardie?

A. Mr Bergmeier advised there has been some discussion and certainly has been agreed that the Chief Executive Officer needs to be with the finance in the same building and he agrees whole heartedly. There hasn't been any decision whether that will be Coolgardie or Kambalda. There is a school of thought that there is more qualified people readily available in Kambalda. Remembering that Council is also looking at outsourcing some of our financial reporting to other Councils, considering Kalgoorlie-Boulder. In relation to our new computer system, the City of Kalgoorlie-Boulder uses the same system. At this stage there has been no decision on where the Chief Executive Officer and the finance will reside.

Marlene Cullen:

Q. I would like you to define qualified...

A. Mr Bergmeier advised that currently there have been three accountants that have applied for positions in Kambalda.

Malcolm Cullen:

Q. I am just wondering whether, the Chief Executive Officer appointment of managers can be extended to be screened by the council?

A. Mr Bergmeier answered, unfortunately the answer is no because it is in the Act that the Chief Executive Officer does employ people but there are other ways that Council are looking at to get more information to have reporting processes set up to make transparency.

Mr Bergmeier read the act referred to above.

Ian Cullen - 48 Bayley Street:

Q. Just a question in relation to the Kambalda Community & Recreation Centre. How much of the total cost of this project is yet to be funded and where does Council expect this money to come from? What are the ongoing costs? How have council determined these costs?

A. Mr Gregan said at the time of the decision to appoint builders to build the Recreation Centre, the project is fully funded but is subject to payment milestones but in the meantime the Shire of Coolgardie has to fund it and reimburse themselves.

In 2005 a study was undertaken. The 06/07 budget calculated ongoing costs at \$300,000-\$400,000 per year. Studies were done. Council may consider reviewing this.

Q. Some of the money pledged in invested in Grange?

A. Mr Gregan, from what I understand.

Q. So?

A. Mr Gregan said we are seeking more funds. We will actively seek those funds, there are some generous companies that have been approached. We have some unofficial negotiations.

Q. So at this stage none of that money will be borrowed?

A. Mr Gregan said at this stage we are hoping not, however there was \$2m loan approved in the budget mainly for cash flow purchases. We haven't actually taken that loan out.

Q. So that would bring it up to where it needs to be at this point?

A. Mr Gregan advised, yes.

Q. So the only anomaly we have now is the money invested in Grange?

A. Mr Gregan, we don't know the figure.

Daphne Simmons:

Q. The 07/08 budget allotted \$2m from loans, where does this come from?

A. Mr Gregan, from the Treasury Department.

Q. Is that interest bearing?

A. Mr Gregan, I'm not sure

Q. So that's where you would normally get it and not take it from our back accounts

Patrick Mullens:

Q. The loans you have for the Recreation Centre you have invested into grange securities? That's what you said.

A. Mr Gregan, when the first lot of contributions were invested in Grange my understanding was that some of that was invested from the outset. I don't know the exact details of that.

5.0 PRESIDENTS ANNOUNCEMENTS

NIL

6.0 REPORTS

ITEM 6.1

SUBJECT: Adopt the Minutes of the Special Meeting of the Audit Committee held on 10 March 2008

OFFICERS RECOMMENDATION AND COUNCIL RESOLUTION: # 033/08

That the minutes of the Special Meeting of the Audit Committee Meeting of 10 March 2008 be confirmed as a true and accurate record

MOVED: DEPUTY PRESIDENT N.J. KARAFILIS
SECONDED: COUNCILLOR D.B. McINTOSH

FOR PRESIDENT D.L. BERGMEIER
FOR DEPUTY PRESIDENT N.J. KARAFILIS
FOR COUNCILLOR D.B. MCINTOSH
FOR COUNCILLOR A. MILLS
FOR COUNCILLOR C.R. ASHWORTH
FOR COUNCILLOR E. WINTER
FOR COUNCILLOR M.J. DONKIN

CARRIED 7/0

ITEM 6.2

SUBJECT: Consider the recommendations made at the Audit Committee held on 10 March 2008

OFFICERS RECOMMENDATION AND COUNCIL RESOLUTION: #034/08

That Council adopt the recommendations of the Audit Committee: -

Special Meeting of Council Friday 14 March 2008
Audit Committee to the Council

1. That the Chief Executive Officer report back to the Council at the Ordinary Council Meeting, Tuesday 25 March 2008, on all items on page 2, 3 and 4 of the Management Report for the year ended 30 June 2007 with the exception of the policies manual.
2. That a stock take be undertaken and be presented at the Ordinary Council Meeting, Tuesday 27 May 2008.

3. That the Chief Executive Officer is to ensure: -
- Monthly Statement of Financial Activity
The Monthly statements of financial activity for the period from July 2006 to February 2007 did not include:
 - a) Budget estimates to the end of the month which the statement relates as required by Financial Management Regulation 34(1)(b).
 - b) Material variances between budget estimates to the end if the month and actual to the end of the month as required by Financial Management Regulations 34(1)(d); and
 - c) Explanations for material variances as required by Financial Management Regulation 34(2)(b).

are complied with.

- Annual Financial Report
The Annual Financial Report for the year ended 30 June 2006 was not submitted to the Executive Director of the Department of Local Government within 30 days of receipt of the auditor's report as required by Financial Management Regulations 541(2).

MOVED: DEPUTY PRESIDENT N.J. KARAFILIS
SECONDED: COUNCILLOR D.B. McINTOSH

FOR PRESIDENT D.L. BERGMEIER
FOR DEPUTY PRESIDENT N.J. KARAFILIS
FOR COUNCILLOR D.B. MCINTOSH
FOR COUNCILLOR A. MILLS
FOR COUNCILLOR C.R. ASHWORTH
FOR COUNCILLOR E. WINTER
FOR COUNCILLOR M.J. DONKIN

CARRIED 7/0

7.0 MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

ITEM 7.1

SUBJECT: Confidential Item – Appointment of Chief Executive Officer

The members of staff and public left the Council Chambers at 7.00pm

MOVED: COUNCILLOR M.J. DONKIN
SECONDED: COUNCILLOR D.B. McINTOSH

COUNCIL RESOLUTION: #035/08

The Council have considered a preferred candidate to the position of Chief Executive Officer.

MOVED: COUNCILLOR M.J. DONKIN
SECONDED: COUNCILLOR D.B. McINTOSH

FOR PRESIDENT D.L. BERGMEIER
FOR DEPUTY PRESIDENT N.J. KARAFILIS
FOR COUNCILLOR D.B. MCINTOSH
FOR COUNCILLOR A. MILLS
FOR COUNCILLOR C.R. ASHWORTH
FOR COUNCILLOR E. WINTER
FOR COUNCILLOR M.J. DONKIN

CARRIED 7/0

Shire President, D.L. Bergmeier reopened the meeting at 8.05pm on the motion of

MOVED: COUNCILLOR M.J. DONKIN
SECONDED: COUNCILLOR D.B. McINTOSH

The following members and staff returned to the Council Chambers:

MEMBERS OF STAFF:

Chief Executive Officer – L.P. STRUGNELL
Manager Corporate Services - G.J. GREGAN

Manager Development Services – G.S. BENSON
Manager Development Services – B.J. ISBISTER
Minute Secretary – E.M. (Betty) DALMASO

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Trevor Sholson – NARA
Lorraine Sholson – Community
Mabel Kartinyeri – CAPS
Anne McNally – Public

8.0 CLOSURE

The Shire President declared the meeting closed at 8.07pm and thanked Councillors, Staff and observers for their attendance.