



## BUSINESS PAPER

# EXTRA ORDINARY MEETING OF COUNCIL

To be held on

**Monday, 11 March 2024**

**4:00pm**

at

## **Walcha Council Chambers**

2W Hamilton Street, Walcha

### Members:

Mayor – Councillor Eric Noakes

Deputy Mayor – Councillor Anne-Marie Pointing

Councillor Mark Berry

Councillor Kevin Ferrier

Councillor Nena Hicks

Councillor Scott Kermode

Councillor Aurora Reilly

Quorum – 4 Members to be Present

WO/2024/00428

Submitted to Council: 11 March 2024

..... General Manager ..... Mayor



Dear Mayor & Councillors

You are requested to attend the Extra Ordinary Meeting of the Walcha Council to be held in the Council Chambers, Hamilton Street, Walcha on **Monday 11 March 2024** commencing at **4:00pm**.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Phillip Hood'.

Phillip Hood  
General Manager

### **NOTICE:**

The Ordinary, Extra-Ordinary and Committee open meetings of Council will be audio recorded for community transparency and minute taking purposes. The audio recording of all Ordinary and Extra-Ordinary Meetings of Council will be uploaded to Council's website.

### **ACKNOWLEDGEMENT OF COUNTRY:**

We acknowledge the Dunghutti people as the traditional owners of the land that we meet on. We pay our respects to the Elders, past, present and emerging. We acknowledge and recognise their continuing connection to land, water and community of which we are a part.

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#### 1. Leave of Absence

Clr Kevin Ferrier – due to medical reasons

#### 2. Declarations of Interest/Request via Audio Visual Link

Clr Nena Hicks

#### 3. Notice of Motion

3.1 Notice of Motion 31: New England Weeds Authority Request for  
Security Guarantee

WO/2024/00430



# Item 2:

# Declarations of Interest



# Item 3:

# Notice of Motion



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**NOTICE OF MOTION NUMBER: 31**

**Item:** 3.1 **Ref:** WO/2024/00430  
**Title:** Notice of Motion 31: New England Weeds Authority Request for Security Guarantee  
**Author:** Councillor Kermode  
**Attachment:** No

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*[Community Strategic Plan References:](#)*

**Strategy 6.1.3** *Protect and enhance biodiversity, native vegetation, river and soil health.*

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**Background:**

Council has been approached by the New England Tablelands (Noxious Plants) County Council trading as New England Weeds Authority (NEWA) with a request to act as a guarantor for a loan of \$119,843 that being Walcha Councils share of a \$700,000 loan spread across the four (4) member Councils.

**Report:**

In the last term of Local Government and under the management of John Duggan as NEWA General Manager (GM) the NEWA County Council resolved to purchase a block of land at the new Armidale Regional Council (ARC) airport precinct. Before this could proceed further John Duggan resigned as GM and Tim Weeks was appointed. Following this in September of 2021 Local Government Elections were held and four new Councillors were appointed to County Council by their respective member Councils. In April 2023 the NEWA County Council resolved to accept a tender from Rice Constructions and subsequently started building a new depot on the previously purchased land. The building was to be funded by County Council reserves and a loan of \$1 million.

The building is currently nearly complete, but NEWA has found itself unable to borrow the money to complete the building whilst also paying for ongoing operational requirements. The New England Tablelands (Noxious Plants) County Council is asking all four member Councils to act as guarantors for a loan of \$700,000 through the Commonwealth Bank.

The Councillors of the New England Tablelands (Noxious Plants) County Council voted to accept the tender and start construction despite being warned that any capital construction of this type required a Capital Expenditure Review (CAPEX) be submitted to Office of Local Government (OLG) before the project begins. This was not done. The Councillors, the General Manager and the contract Chief Financial Officer (CFO) were also warned that there were not enough current assets available to complete the project.

Last month Mayor Eric Noakes, General Manager Phil Hood and Cllr Scott Kermode met with NEWA General Manager Tim Weeks and contract CFO Laurie Knight. At that meeting



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the two NEWA representatives agreed to supply Walcha Council with several documents supporting their case. To date none of these documents have been supplied at all or to a satisfactory level.

**Financial Implications:**

Not provided

**Budget Source:**

Not Applicable.

Additional Comments:

**MOTION:**

**That Council REFUSE to authorise the provision of a Guarantee as security for loan funding provided to the New England Weeds Authority.**

**Clr Scott Kermode**

7 March 2024

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**Management Response:**

*In accordance with Code of Meeting Practice clause 3.11 the following implications apply to the Notice of Motion as proposed:*

Based on the information received to date, Council is of the view that proper process has not been followed in regards to the construction of the new building for the New England Weeds Authority (NEWA). This is no more self-evident than the fact that NEWA is currently requesting constituent Councils be guarantor on a loan application as a matter of urgency for funds already spent or committed. Be that as it may, from a cash flow and ongoing financial risk perspective, multiple years of adopted long term financial plans (LTFP) have identified the proposed borrowed amount, and the intent to undertake construction works via way of loan funding. Approval of said loan will return NEWA’s financial position to that which has been forecast in previously adopted plans.

At the time of writing this report, the three other constituent councils have all voted in favour of supporting the loan application. Uralla Shire Council and Glenn Innes Severn Council have resolved to allow for Walcha Council to not be in support (i.e. will guarantee higher amounts to cover our ‘share’) while Armidale Regional Council would need to convene again to commit a higher guaranteed amount. It should be noted that ARC, as the largest constituent, are already guaranteeing close to half the loan amount. This approach was changed following Walcha Council’s request that the guarantee should be calculated pro-rata to each Council’s member contributions, as shown below:

Council	Loan Guarantee per Member	Additional Amount	Revised Total
Glen	\$143,486	\$29,639.85	\$173,126
Armidale	\$316,828	\$65,447.13	\$382,275
Uralla	\$119,843	\$24,756.02	\$144,599
Walcha	\$119,843		
	<b>\$ 700,000.00</b>	<b>\$119,843.00</b>	<b>\$700,000</b>

It is likely that by not approving our ‘share’ the additional burden will simply be carried by the other constituent Councils.

This matter was raised and discussed during Council’s quarterly Audit Risk & Improvement Committee (ARIC) on Monday 4 March 2024. The Committee conceded that while this is an unusual situation and indicative of a lack of proper governance, the financial risk to Walcha Council in supporting the loan was low.

For that reason, and to both reduce the burden on our neighbouring Councils and support NEWA to return to an operational position identified in their adopted LTFP, it is the view of the General Manager that the loan guarantee be supported. Walcha Council maintain our concern with the ongoing operation of NEWA and will be requesting copies of the



audited financials for 2022/23 and Management Letter when it is received by NEWA which is still outstanding.

Strategic Implications

This Notice of Motion will allow Council to deliver on the Community Strategic Plan themes noted above.

Policy Implications

There are no policy implications arising from this Notice of Motion.

Legal Implications

There are no legal implications arising from this Notice of Motion.

Financial Implications

If approved, this Notice of Motion will have no impact. If the loan is supported, Council will take on financial liability of \$119,843 but no direct cost.

Summary Comment

Management recommends support of the loan with the following recommendation:

That Walcha Council:

- 1) Authorises the provision of a guarantee as security for loan funding provided to the New England Weeds Authority;
- 2) That the amount of the guarantee to be provided to the Commonwealth Bank, shall be \$119,843, calculated in proportion to the Council's member contributions for the coming financial year, relative to the total member contributions of all 4 constituent Councils: Glenn Innes Severn, Armidale Regional, Uralla Shire and Walcha Councils,-;
- 3) That the Mayor and General Manager are authorised to execute the loan security documents provided by the Commonwealth Bank.