

SPECIAL COUNCIL MEETING

MINUTES



For the Special Meeting of Council held

5 FEBRUARY 2024

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MINUTES

1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Shire President, Cr Pollard declared the meeting open at 5.20pm. The Shire President alerted the meeting to the procedures for emergencies including evacuation, designated exits and muster points.

SUSPENDING STANDING ORDERS

Motion 01022024

Moved Cr Johnson, seconded Cr Denton that clause 9.1 Members to Rise be temporarily suspended for the duration of today's Special Council Meeting to facilitate open debate and to assist with the efficient running of the meeting.

CARRIED 6/0

FOR: Cr G Pollard, Cr J Quick, Cr P Denton,
Cr R Johnson, Cr L Casson, Cr P Mulcahy

AGAINST: Nil

2. ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE

2.1 ATTENDANCE

President	Cr G (George) Pollard
Councillors	Cr P (Peter) Denton Cr JA (Jennifer) Quick Cr RW (Robert) Johnson Cr LM (Lee) Casson Cr P (Perin) Mulcahy

Chief Executive Officer	Ms LA (Linda) Gray
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Members of the Public	Nil
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2.2 APOLOGIES

Manager of Finance	Mrs D (Diana) Marsh
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3. APPLICATION FOR LEAVE OF ABSENCE

Motion 02022024

Moved Cr Quick, seconded Cr Casson that Cr Egerton-Warburton be granted a leave of absence for the Special Council meeting held 5 February 2024.

CARRIED 6/0

FOR: Cr G Pollard, Cr J Quick, Cr P Denton,
Cr R Johnson, Cr L Casson, Cr P Mulcahy

AGAINST: Nil

3.1 APPROVED LEAVE OF ABSENCE

Deputy President, Cr DM (Daisy) Egerton-Warburton – 5 February 2024

4. PUBLIC QUESTION TIME

4.1 PUBLIC QUESTIONS

Nil

5. DISCLOSURE OF INTEREST

Nil

6. REPORTS OF OFFICERS

6.1 CORPORATE AND COMMUNITY SERVICES

6.1.1 PLANT REPLACEMENT – EXCAVATOR

RESPONSIBLE OFFICER: Linda Gray – Chief Executive Officer
REPORT AUTHOR: Joe Duina – Acting Manager of Works
FILE REFERENCE: PE216
APPLICANT: N/A
DATE OF REPORT: 31 January 2024
ATTACHMENTS: Nil

Purpose

The purpose of this report is for the Council to consider replacement options for the changeover of the 2014 Komatsu Excavator, PE216, (3,072 hours) and to determine whether to dispose by auction rather than trade-in.

Background

In line with the Shire of Cranbrook’s Plant Replacement Program, Council included in the 2023/2024 Annual Budget to replace the 2014 Komatsu Excavator, PE216. Since quotes were obtained for the 23/24 budget process, the price of the new excavator has increased and the trade in value for the old, has decreased, leaving a budget deficit for this item (See below table for list of deficits.)

The table summarises the original quote received for the budget along with the most recent quotes (all figures exclusive of GST):

Supplier	Description	Purchase Price	Trade-In Offered	Changeover Cost	Comment
McIntosh & Son	Case CX145C	\$233,000	\$115,000	\$118,000	Original Quote obtained in early 2023 - Budgeted Item
McIntosh & Son	Case CX145C SR (newer model)	\$207,200	\$63,900	\$143,300	Quote dated 19 Jan 2024 Same machine as above
Tutt Bryan	Sumitomo	\$205,000	\$36,364	\$168,636	Japanese company
CJD Equipment	Volvo ECR145EL	\$249,900	\$60,000	\$189,900	Preferred model, available February 2024. Local servicing.
Komatsu	Komatsu PC138US-11	\$248,580	\$100,000	\$148,000	Trade value subject to inspection

Given the low values being offered as trade-in, the auction house Manheim was approached. They suggested \$100,000 to \$115,000 as an indicative value of this excavator.

Officer’s Comment

Each vendor has been given multiple opportunities to improve on their trade-in price.

The A/Manager of Works and Works Supervisor went to Perth in January 2024 and viewed both the Sumitomo and the Volvo.

Make	Reputation	Preference (Workers)	Changeover	Individual Cost
Case CX145C	Moderate	Moderate	\$143,300	\$207,200
Sumitomo	Unknown	Low	\$168,636	\$205,000
Volvo ECR145EL	High	High	\$189,900	\$249,900
Komatsu	High	High	\$148,000	\$248,580

Also relevant is the availability of each machine: the Volvo and the Komatsu are available straight away; the others will take three months.

While some reports are suggesting the value of plant has stabilised very recently, it is important to remember that quotes for budget preparation are obtained around March each year and that prices have changed since then. Unfortunately, this increase has not been reflected in the trade-in values quoted and has affected the changeover cost accordingly. Feedback from vendors is that any machine more than ten years old is hard to finance, and this is reflected in the lower price.

Availability of ongoing parts and servicing must also be considered. All normal servicing is done on site, however, McIntosh and Komatsu come from Bunbury, CJD is based in Albany.

Obviously, funds need to be identified to cover the shortfall which in the case of the Case is a shortfall of \$25,300, the Volvo will be \$50,636, and the Komatsu will be \$30,000. The Manager of Finance and Administration’s vehicle will be sold shortly at auction and it was intended for the funds to be held in reserve for future senior management staff. However, dependent upon the choice of plant, these funds could be identified to cover the shortfall.

Alternatively, the plant reserve balance is \$509,033.

It seems likely that the best price for the trade-in will be obtained by going to auction however this is not a guarantee. An estimation given by the auction house is that the reserve price should be set at \$115,000 with an expectation that we will receive up to \$130,000.

Statutory Environment

Division 2 of the Local Government (Functions and General) Regulations 1966 details the tender requirements for the provision of Goods and Services.

Policy Applicable – Implications

Policy 4.8 Purchasing applies to this report.

Financial Implications

The total cost of the matters in this report is dependent upon Council’s approval being \$30,000 shortfall, with funds from the sale of the MFA vehicle to cover the shortfall. Unless increased funds for the sale of the old machine are obtained through the auction process.

Risk Implications

The risks associated with matters in this report are:

- Misconduct
- Failure to fulfil Statutory, Regulatory or Compliance Requirements
- Inadequate Asset Sustainability Practices
- Inadequate Supplier/Contract Management

The **impacts** of the risk are: People, Financial, Non-Compliance, Reputational, Property, The **consequences** of these risks are considered to be: Moderate

The **likelihood** is: Unlikely

Hence the **risk rating** for this report is: Low

Risk mitigation includes written quotations obtained from vendors registered under the WALGA approved providers list, consultation with both the Chief Executive Officer and Manager of Finance, and consultation with the Works employees as well as inspection of machines.

Strategic Community Plan Reference

The 2021-2031 Shire of Cranbrook, Strategic Community Plan states that:

Outcome 16 – High Performing Shire: An accountable and respected Shire, investing in its people and structures.

Deliverable 16.1: A Shire and supporting entities are well-governed with delineated roles and accountabilities.

Consultation

Consultation for this report included Works Supervisor and Staff, Chief Executive Officer, and Manager of Finance.

Voting Requirements

Simple Majority

There was a general discussion amongst Council regarding the replacement of this plant (PE216).

OFFICER'S RECOMMENDATION

Moved Cr Casson, seconded Cr Denton that Council:

1. **Approve the purchase of the new Komatsu excavator;**
2. **Approve the sale of the old Komatsu excavator to Komatsu at a value of \$100,000;**
3. **Approve the option of sending the old Komatsu excavator to auction should the value offered by Komatsu be under \$100,000; and**
4. **Use the funds received from the sale of the MFA vehicle to cover any shortfall.**

AMENDED MOTION/COUNCIL DECISION

Motion 03022024

Moved Cr Mulcahy, seconded Cr Johnson that this item be deferred to a future Council meeting to allow the Chief Executive Officer time to provide further information to Council regarding plant replacement and the financial implications.

CARRIED 6/0

FOR: Cr G Pollard, Cr J Quick, Cr P Denton,
Cr R Johnson, Cr L Casson, Cr P Mulcahy

AGAINST: Nil

Reason for Change:

A decision to defer this item was decided as Council requested more information be sought in regard to the overall plant replacement process and the financial implications related to the increased changeover costs.

7. CLOSURE OF MEETING

There being no further business to discuss, the Shire President, Cr Pollard declared the meeting closed at 5.43pm.