City of Joondalup

MEMORANDUM

TO:	HIS WORSHIP THE MAYOR
FROM:	DIRECTOR CORPORATE SERVICES
DATE:	24 MAY 2006
FILE REF:	61581
OTHER REFS:	80566
LETTER NO:	
SUBJECT:	UNBUDGETED EMERGENCY EXPENDITURE IN ACCORDANCE WITH SECTION 6.8 OF THE LOCAL GOVERNMENT ACT 1995

As you are aware critical damage to the internal power sub station supplying power to the administration building and the civic chamber building has required us to put in place an emergency temporary power supply. The damaged sub station equipment will need to be replaced.

Council has notified its insurer and an assessor is currently evaluating the claim. We are reasonably confident that the claim will be accepted and most of the costs covered subject to excesses. In the meantime, we have had to put in place the emergency arrangements to supply power and the hire of generators and the daily fuelling of those generators will incur a significant cost. Similarly, it is anticipated that we will need to shortly issue a purchase order for the replacement sub station equipment.

Notwithstanding that we have made an insurance claim we need to commit to these costs now and none of this expenditure has been budgeted in the 2005/06 budget. The normal process for authorising unbudgeted expenditure would be by Council resolution in advance of the expenditure being incurred with that resolution requiring an absolute majority. Council cannot wait until the next scheduled ordinary Council meeting on 6 June 2006. It is expected that it will take four to five weeks for the new sub station equipment to arrive.

Section 6.8 of the Local Government Act 1995 includes a provision that in an emergency situation the Mayor can authorise expenditure which has not been included in the budget. In a situation where the Mayor does authorise such expenditure it is required to be reported to the next ordinary meeting of Council. A copy of the full text of Section 6.8 is as follows -

6.8. Expenditure from municipal fund not included in annual budget

    (1)   A local government is not to incur expenditure from its municipal fund for an additional purpose except where the expenditure —

        (a)   is incurred in a financial year before the adoption of the annual budget by the local government;

        (b)   is authorised in advance by resolution*; or

        (c)   is authorised in advance by the mayor or president in an emergency.

    * *Absolute majority required.*

    (1a)   In subsection (1) —

        "additional purpose" means a purpose for which no expenditure estimate is included in the local government's annual budget.

    (2)   Where expenditure has been incurred by a local government —

        (a)   pursuant to subsection (1)(a), it is to be included in the annual budget for that financial year; and

        (b)   pursuant to subsection (1)(c), it is to be reported to the next ordinary meeting of the council.

RECOMMENDATION

The amount of authorised expenditure that is required is $450,000 (which assumes a four week temporary equipment hire). This is made up of the hire of temporary generators and operating costs, in particular the fuel, and the purchase costs of replacement sub station equipment. Authorisation of this expenditure as an emergency under Section 6.8 of the Local Government Act 1995 is therefore sought. If you agree to the request please do so by signing the declaration below as evidence of your authorisation.

MIKE TIDY
Director Corporate Services

ENDORSEMENT OF RECOMMENDATION

I endorse the recommendation for approval by the Mayor.

25 . 5 . 06

GARRY HUNT   Date
Chief Executive Officer

Declaration

I hereby declare that I have authorised, in accordance with Section 6.8(1)(c) of the Local Government Act 1995, emergency expenditure not included in the 2005/2006 Budget of $500,000 for the purchase of replacement sub station equipment and the provision of temporary power generators and the funding of the operating costs of those generators, while awaiting the installation of the new sub station equipment to supply power to the Council Administration building and the Council Civic Chambers building.

26/5/06

TROY PICKARD   Date
Mayor