

# Bunbury - Harvey Regional Council

## Minutes (Confirmed)



For the Ordinary Council Meeting of

**27<sup>th</sup> November 2014**

**BUNBURY-HARVEY REGIONAL COUNCIL**  
**MINUTES (CONFIRMED) FOR THE ORDINARY MEETING OF COUNCIL TO BE HELD ON**  
**27<sup>TH</sup> NOVEMBER 2014**

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These Minutes are confirmed as being true & correct by Council **Resolution Nr: OC81023-1306**

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**Cr Neville McNeill**  
Chairman

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**Tony Battersby**  
Chief Executive Officer

- Meeting was declared open 3:21pm.

**1. Attendance, Apologies & Leave of Absence**

Chris Welham – Apology (on Long Service Leave from 01/11/2014 – 04/01/2015 inclusive).  
David Ransom (City of Bunbury – Manager for Finance) to attend meetings on behalf of Chris Welham.

<b>Name</b>	<b>Attended</b>	<b>Apologies</b>	<b>Leave of Absence</b>
Cr. Judy Jones (City of Bunbury)	✓		
Cr. Neville McNeill (City of Bunbury)	✓		
Cr. Murray Cook (City of Bunbury)	✓		
Cr. Peter Monagle (Shire of Harvey)	✓		
Cr. Greg Campbell (Shire of Harvey)	✓		
Tony Battersby – CEO	✓		
Michael Parker – CEO Shire of Harvey	✓		
Chris Welham – Accountant		✓	
Martinette Pieterse – Secretary to CEO	✓		

**2. Public Question Time**

NIL

**3. Summary of Response to previous Questions taken on notice**

NIL

**4. Applications for leave of absence**

NIL

5. **Confirmation of Minutes**

Minutes of the Ordinary meeting of Council held 23<sup>rd</sup> October 2014.

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**OC81023-1300**

**Moved:**

***Cr Greg Campbell***

**Second:**

***Cr Murray Cook***

**5/0  
Unanimous  
CARRIED**

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6. **Business of Previous Meeting**

NIL

7. **Petitions and Memorials**

NIL

8. **Declarations of Interests**

NIL

9. **Announcements (by the presiding member without discussion)**

NIL

10. **Reports of Committees**

NIL

11. **Reports of Officers**

11.1 **Audit Regulation 17**

**Reporting Officer:**

*Tony Battersby, Chief Executive Officer*

**File Number:**

-

**Attachments:**

*Audit Regulation 17 Findings*

**Summary**

The purpose of this report is to provide Council with the results of a review regarding the appropriateness and effectiveness of the Bunbury Harvey Regional Councils systems and procedures in relation to risk management, internal controls and legislative compliance.

**Background**

On 8 February 2013, amendments to the *Local Government (Audit) Regulations 1996* extended the functions of local government Audit Committees. These functions (Regulation 17) now include receiving a biennial report on the appropriateness and effectiveness of the local government's systems in regard to risk management, internal control and legislative compliance.

This report (and Appendix) fulfils the requirements of Regulation 17.

The report was presented to the Audit Committee on 27 November 2014, and is now presented to Council for information.

**Council Policy Compliance**

There is no Council policy consideration impacting on this report.

## **Legislative Compliance**

This report relates to Regulation 17 of the *Local Government (Audit) Regulations 1996*, which reads as follows:

### **17. CEO to review certain systems and procedures**

- (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to –  
(a) risk management; and  
(b) internal control; and  
(c) legislative compliance.*
- (2) *The review may relate to any or all of the matters referred to in sub-regulation (1) (a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.*
- (3) *The CEO is to report to the audit committee the results of that review.*

### **Officer Comments**

Audit Regulation 17 requires the CEO to review the appropriateness and effectiveness of the City's systems and procedures in relation to risk management, internal control and legislative compliance every two calendar years. As Regulation 17 was not gazetted until 2013, the first review of each of these three areas must be completed by 31 December 2014.

The Local Government Operational Guidelines provide a comprehensive list of issues to be included in any review of risk management, internal control and legislative compliance, and these have been used as a guide to systematically conduct the internal review.

The information provided in the review delivers an assessment of the Councils current practices, outlines the appropriateness and effectiveness of those practices and presents recommendations for improvement. A copy of the findings is presented as an Appendix.

It is important to note that this is the Councils first pass at reporting against Regulation 17. The intent is that the current report/findings are a high level audit of the Councils processes within the areas of risk management, internal controls, and legislative compliance. The appendix contains a summary of these findings and makes recommendations to facilitate improvement in areas where deficiencies have been identified. Each subsequent report presented to the Audit Committee will build on, and report against, the work done to date.

In summary, 27 areas were assessed with 96 recommendations made overall. The majority of areas audited have appropriate and effective systems and procedures in place. More specifically, 21 areas were assessed as having appropriate and effective controls in place, with 6 areas identified as requiring further improvement. Of the 96 recommendations, 34 relate to the 6 areas identified as requiring further attention.

In considering these results, the Audit Committee requested that Officers highlight to Council those issues identified as having "room for improvement". These 6 areas are summarised in the table below, and will be included in a recurring progress report to the Committee. A full overview of all issues is contained within the appendix.

Bunbury-Harvey Regional Council - Ordinary Meeting of Council Agenda 27<sup>th</sup> November 2014

#	Issue	Effectiveness of initiatives	Comments	Respondent	Recommendations	Timeframes for implementation
<b>Risk Management</b>						
1	Are the Council's risk management systems effective, and are material operating risks considered appropriately?	Room for improvement	<ul style="list-style-type: none"> <li>Risk Management Framework under development.</li> </ul>	Chief Executive Officer	<ul style="list-style-type: none"> <li>Complete risk management framework</li> <li>Implement risk management framework and risk assessment.</li> </ul>	30/06/15 30/12/15
2	Is the Council's business continuity plan current, effective and tested from time to time?	Room for improvement	<ul style="list-style-type: none"> <li>Security of Landfill Operations beyond 30 June 2016 uncertain.</li> </ul>	Chief Executive Officer	<ul style="list-style-type: none"> <li>Continue development of appropriate structures, procedures to support Business Continuity, secure alternative landfill site.</li> </ul>	ongoing
4	Are regular risk reports provided?  Reports to outline: <ul style="list-style-type: none"> <li>Key risks;</li> <li>Status and effectiveness of the risk management systems;</li> <li>Identified risks are monitored;</li> <li>New risks are identified, mitigated and reported.</li> </ul>	Room for improvement	<ul style="list-style-type: none"> <li>LGIS Conduct Risk Audits on Councils Operational Areas.</li> </ul>	Chief Executive Officer	Risk Management Framework action plan will recommend: <ul style="list-style-type: none"> <li>Regular risk reports provided to the Audit Committee</li> </ul>	30/12/15
6	Is the Council's internal control system with management and the internal and external auditors effective?	Room for improvement	<b>All as per City of Bunbury - The Human Resources</b> <ul style="list-style-type: none"> <li>Identification of HR requirements;</li> <li>Recruitment procedures and processes including identification of new positions, advertising; interviewing and related procedures,</li> </ul>	Chief Executive Officer	<b>Human Resources Audit</b> - nine recommendations were made. <ul style="list-style-type: none"> <li>That all HR work procedures be reviewed annually.</li> <li>Review code of conduct and have</li> </ul>	Ongoing  16/10/14 – PRDC committee

Bunbury-Harvey Regional Council - Ordinary Meeting of Council Agenda 27<sup>th</sup> November 2014

#	Issue	Effectiveness of initiatives	Comments	Respondent	Recommendations	Timeframes for implementation
		Room for Improvement	<p>communication to existing staff and setting up of new employees;</p> <ul style="list-style-type: none"> <li>• Basis of remuneration;</li> <li>• Staff induction procedures and processes;</li> <li>• Procedures and assessment of staff feedback; performance management and pay reviews;</li> <li>• Payroll recording and payment procedures, including timesheet authorisation, timesheet data entry; payroll processing and payment authorisation procedures;</li> <li>• Leave accruals, including use of leave forms, authorisation of leave forms, processing and reconciliation of employee provisions on a regular basis;</li> <li>• Payroll deductions, including employee authorisation and documentation;</li> <li>• Superannuation and group tax deduction payments; and</li> <li>• Termination payments, including use of termination checklist and review and authorisation prior to termination payment.</li> </ul>	Chief Executive Officer	<p>employees and Councillors sign an acknowledgement or receipt.</p> <ul style="list-style-type: none"> <li>• Ensure that all employee performance reviews are completed by the target date.</li> <li>• All monthly wages reconciliations are signed as evidence of independent review.</li> <li>• Two cheque signatories are required to authorise cheque payments from the advance bank account.</li> <li>• That a formal termination check-list be developed, which is required to be completed on termination and signed off once completed.</li> <li>• Employee provision reconciliation's be completed quarterly, with completed reconciliation's reviewed by someone independent of the reconciliation function.</li> <li>• Leave forms completed by employees should be signed off by an appropriate level of management as evidence of approval.</li> </ul>	<p>91.5% completed Completed 11/06/14</p> <p>Completed 11/06/14</p> <p>Completed 22/07/14</p> <p>Completed 22/07/14</p> <p>Completed 11/06/14</p> <p>30/06/15</p> <p>31/12/14</p>

#	Issue	Effectiveness of initiatives	Comments	Respondent	Recommendations	Timeframes for implementation
					<ul style="list-style-type: none"> <li>Employees should take regular leave and leave balances should be reviewed quarterly by management to identify employees with excessive leave.</li> </ul>	30/06/15
			<p><b>All as per City of Bunbury - The Information and Communication Technology audit included:</b></p> <ul style="list-style-type: none"> <li>Planning the IT environment;</li> <li>Development and delivery services;</li> <li>Operation of the IT environment;</li> <li>Organising and monitoring IT processes;</li> <li>Ensure appropriateness of internal control policies and procedures and ensure these are adhered to in respect to IT systems, including access controls, backup procedures and recovery procedures;</li> <li>Review system security ensuring access restricted based on level of personnel;</li> <li>Assess identification and risk in respect to IT planning;</li> <li>Document procedures in respect to identifying IT needs and related procurement procedures;</li> <li>Review system support and ensure appropriate</li> </ul>		<p><b>Information and Communication Technology Audit</b> - fourteen recommendations were made.</p> <ul style="list-style-type: none"> <li>That all IT policies and guidelines be reviewed.</li> <li>Recommend that documented policies and procedures in respect of the areas identified be documented, approved, implemented and monitored on an ongoing basis.</li> <li>Formal project reviews to be completed following project implementation.</li> <li>Undertake a review of the IT equipment register</li> <li>Register of remote access users be maintained and a policy for remote access be developed.</li> <li>IT disaster recovery plan be reviewed and</li> </ul>	<p>30/06/15</p> <p>31/12/14</p> <p>31/12/14</p> <p>31/03/15</p> <p>Completed 30/09/14</p> <p>31/12/14</p> <p>Completed 05/14 30/10/14</p> <p>Completed 09/14</p> <p>ongoing</p> <p>Completed 13/06/14</p> <p>Completed 30/09/14</p>



#	Issue	Effectiveness of initiatives	Comments	Respondent	Recommendations	Timeframes for implementation
			<p>back-up personnel trained and available;</p> <ul style="list-style-type: none"> <li>• Review of virus detection procedures; and</li> <li>• Review procedures and plans for determining the needs for changes/improvements to existing IT systems and processes in place to implement such changes.</li> </ul>		<p>a testing schedule created.</p> <ul style="list-style-type: none"> <li>• Back up procedures to be formally documented and a testing schedule created.</li> <li>• Analysis of root cause of IT queries to be completed quarterly.</li> <li>• Formal procedure to be developed with respect to return of IT equipment.</li> <li>• Security logs to be retained and reviewed on a regular basis.</li> <li>• Schedule of known required software maintenance and updates be prepared and complied with.</li> <li>• Formal review of service level agreements to be completed prior to renewal.</li> <li>• Feedback on performance of IT department to be sourced through annual staff performance reviews.</li> <li>• A register of software and program licences be created and maintained.</li> </ul>	

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#	Issue	Effectiveness of initiatives	Comments	Respondent	Recommendations	Timeframes for implementation
10	Is the management of fraud and misconduct effective, with risks identified, analysed, evaluated, treated and reported.	Room for Improvement	<a href="#">All as per City of Bunbury</a> - The Council maintains a schedule of hierarchy for purchasing limits and reviews the purchasing and tendering policies in accordance with the Policy & Review Development Committee schedule.	Chief Executive Officer	As per the recommendation by WALGA under issue #8: Introduce a Risk Management Program as part of an overall contract management framework; establish and maintain a risk log; establish a process for regularly reviewing risks; develop and monitor mitigation plans for serious risks.	30/06/15
		Room for Improvement	<a href="#">All as per City of Bunbury</a> - The City has recently reviewed and updated its Code of Conduct. The Code was considered by the Policy Review and Development Committee at its meeting on 16 October and will be presented to Council for adoption on 11 November.		Reissue Code to staff with mandatory acknowledgement.	December 2014
		Room for Improvement	<a href="#">All as per City of Bunbury</a> - City Fraud Control Plan Internal Control		Based on the adopted Risk Management Framework, prepare and implement a City Fraud Control Plan.	01/12/15
2	Is there a control of approval of documents, letters and financial records?	Room for improvement  <a href="#">All as per City of Bunbury</a>	<ul style="list-style-type: none"> <li>All documents created and stored by the Council are governed in accordance with the State Records Act of Western Australia, including the Record Keeping Plan.</li> <li>The Council is currently working with both paper based and electronic records. These documents are controlled within two electronic document management systems – although in future the Council will only use one. Users have access to these systems and documents are controlled in accordance with security privileges determined by their role within the</li> </ul>	Manager Information, Libraries, Customer Support and Chief Executive Officer	The Council recognises that more work needs to be done in relation to the creation and control of records. It is expected that these measures will be implemented as part of the current document management system deployment.	30/12/16

#	Issue	Effectiveness of initiatives	Comments	Respondent	Recommendations	Timeframes for implementation
			organisation.			
			<ul style="list-style-type: none"> <li>Financial records are covered by the aforementioned controls.</li> </ul>			
<b>Legislative Compliance</b>						
3	Does the management and the Audit Committee communicate to ensure the Audit Committee is informed in respect to the effectiveness of the City's compliance and recommendations for changes as required?	Room for improvement	<ul style="list-style-type: none"> <li>Bi monthly meetings are held with senior management and the audit committee.</li> <li>Minutes of meetings are recorded and presented to Council for notation. Individual reports are presented to Council for consideration and recommendation. Council decisions are captured in Sycle and monitored for action.</li> </ul>	Chief Executive Officer	<ul style="list-style-type: none"> <li>Regular insurance/possible claims updates to Audit Committee</li> </ul>	30/06/15

**Analysis of Financial and Budget Implications**

There are no financial implications arising from the recommendations containing within this report.

**Community Consultation**

N/A

**Councillor/Officer Consultation**

This report is provided to Council by the Audit Committee.

**Committee Recommendation**

That Council receive the Audit Regulation 17 findings as presented.

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**OC81023-1301**

**Moved:** *Cr Judy Jones*  
**Second:** *Cr Murray Cook*

**5/0**  
**Unanimous**  
**CARRIED**

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**11.2** *Bunbury-Harvey Regional Council Audit Report, Annual Report and Audited Annual Financial Statements for the year ended 30 June 2014*

**Reporting Officer:** *David Ransom, Manager Finance*

**File Number:** -

**Attachments:** *Appendix 3*

**Summary**

The Auditor's Report (shown on Pages viii to ix of the Annual Report and Financial Statements) and Audited Financial Statements of the Bunbury-Harvey Regional Council for the financial year ended 30 June 2014 are **attached** at Appendix 3 for Councillors information.

**Background**

Council's auditor Michael Hillgrove from Grant Thornton Audit Pty Ltd has audited the 2013/14 Annual Financial Statements and has provided an Independent Auditor's Report as required under the Local Government Act.

**Council Policy Compliance**

Not applicable.

**Legislative Compliance**

Local Government Act Section 7.9(1) requires that the auditor is to submit a report to the local government by the 31 December. The Auditor's Report has now been received and provided to Councillors for their information.

**Officer Comments**

Council's management and internal control systems are sound. In addition to being monitored internally on a daily and monthly basis they are also strengthened by an independent assessment each year on the Council's financial management systems and external audit reporting. The independent assessment reviews Council's financial position, financial management practices and compliance with the requirements of the Local Government Act, the Local Government (Financial Management) Regulations, and Accounting Standards.

There are five (5) primary financial statements:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows
- Fee Setting Statement

**Statement of Comprehensive Income:** The Statement of Comprehensive Income (shown on pages 1 to 2 of the Financial Statements) shows the extent to which operating revenue has exceeded operating expenditure during the financial year (i.e. operating surplus). For the year ending 30 June 2014, the operating surplus was \$1.34M compared to \$999K in 2012/13. When capital grants and profit/loss on disposal of assets etc. are included the Net Result was a surplus of \$1.33M (compared to \$1.30 in 2012/13). The Statement also accounts for the revaluation of non-current assets during the year of \$1.7K resulting in a Total Comprehensive Income for 2013/14 of \$1.33M.

**Statement of Financial Position:** The Statement of Financial Position (shown on page 3 of the Financial Statements) shows the assets and liabilities which make up the community equity as at the 30 June 2014. Council's current assets exceed current liabilities by \$6.1M compared to \$5.1M in 2012/13. The total community equity as at 30 June 2014 was \$9.0M an increase of \$1.3M on 2012/13.

**Statement of Changes in Equity:** The Statement of Changes in Equity (shown on page 4 of the Financial Statements) shows the extent to which the Community equity has been increased by the net result of the year's activities and asset revaluation changes. For the year ending 30 June 2014, the Community Equity increased from \$7.7M to \$9.0M.

**Statement of Cash Flows:** The Statement of Cash Flows (shown on page 5 of the Financial Statements) shows the nature and amount of Council's cash in-flows and out flows from all activities. Council's cash held at the end of the reporting period was \$6.2M compared to \$5.0M in 2012/13.

**Fee Setting Statement:** The Fee Setting Statement (shown on page 6) shows the amount of fees and charges required to be raised to fund the Council's operating during 2013/14. In 2013/14 \$3.7M in fees and charges were raised, an increase of \$852K or 29% on 2012/13.

The audited Annual Financial Report for the year ended 30 June 2014 key financial figures include:

<b><u>Statement of Comprehensive Income:</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Operating Revenue	\$ 4,714,984	\$ 3,420,964
Operating Expenses	\$ 3,370,272	\$ 2,421,463
Operating Surplus	\$ 1,344,712	\$ 991,501
Net Result (utilised for capital works)	\$ 1,327,838	\$ 1,301,434

<b><u>Statement of Financial Position:</u></b>		
Current Assets	\$ 6,606,001	\$ 5,470,950
Current Liabilities	\$ 508,454	\$ 415,397
Current Assets over Current Liabilities	\$ 6,097,547	\$ 5,055,553
Non-current Assets	\$ 2,953,179	\$ 2,658,193
Non-current Liabilities	\$ 15,692	\$ 8,212
Total Equity	\$ 9,035,034	\$ 7,705,534

<b><u>Financial Information by Ratio:</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
<b>Current Ratio</b>	<b>4.965</b>	<b>4.653</b>	<b>4.107</b>
<i>Current Assets as a ratio of Current Liabilities (Measure of short term liquidity, i.e. the ability of</i>			

*Council to meet its liabilities when they fall due. A ratio of greater than 1.0 indicates Council has more current assets than current liabilities. Target is > 1.0)*

<b>Asset Sustainability Ratio</b>	<b>2.254</b>	<b>4.412</b>	<b>1.088</b>
<i>Capital renewal and replacement expenditure as a ratio of depreciation expense. (Measures the extent to which assets are being renewed/replaced compared to the amount consumed i.e. depreciation. A ratio of greater than 1.0 indicates that council is investing in asset renewal/replacement greater than current consumption)</i>			
<b>Debt Service Cover Ratio</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<i>Operating Surplus before Interest and Depreciation as a ratio of principal and interest expense for borrowings. (The Bunbury-Harvey Regional Council has no loan borrowings)</i>			
<b>Operating Surplus Ratio</b>	<b>0.330</b>	<b>0.317</b>	<b>0.273</b>
<i>Operating Revenue minus Operating Expenditure as a ratio of own source operating revenue. (A result of greater than zero indicates that the Council has an operating surplus)</i>			
<b>Own Source Revenue Coverage Ratio</b>	<b>1.201</b>	<b>1.343</b>	<b>1.351</b>
<i>Own source operating revenue as a ratio of operating expense. (Measures Council's ability to cover operating expenses from own source revenue. The higher the ratio, the more self-reliant the local government is. The Department of Local Government indicates that an Advanced standard is achieved if the ratio is greater than 0.9)</i>			

#### **Analysis of Financial and Budget Implications**

There are no financial or budget implications for Council to accept the Annual Financial Statements and Auditor's Report.

#### **Councillor/Officer Consultation**

The Audit Committee have reviewed the Annual Financial Report and Auditors Report.

**Audit Committee Recommendation**

The Auditor's Report, Annual Report and Audited Annual Financial Statements of the Bunbury-Harvey Regional Council for the financial year ended 30 June 2014 are accepted.

**OC81023-1302**

**Moved:** *Cr Murray Cook*

**Second:** *Cr Judy Jones*

**5/0  
Unanimous  
CARRIED**

**11.3 Financial Statements for the period ended 31<sup>st</sup> October 2014**

**Reporting Officer:** *Chris Welham, Accountant*

**File Number:**

**Attachments:** *Appendices 1 to 7*

**Summary**

The following comments are provided on the key elements of Council's financial performance.

1. Statement of Comprehensive Income (**attached** at Appendix 1)

a. Year-to-date Financial Performance to 31<sup>st</sup> October 2014

	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>
Year-to-date income	1,778,348	1,665,332	113,016 <i>favourable</i>
Year-to-date expenditure	1,156,926	1,215,663	58,737 <i>favourable</i>
Year-to-date operating surplus	621,422	449,669	171,753 <i>favourable</i>

2. Capital Works (**attached** at Appendix 3)

Year-to-date capital expenditure	12,150	12,150	0
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3. Balance Sheet (**attached** at Appendix 4)

Current Assets of \$7,145,725 include:

Cash and Cash Equivalents	6,214,142
Trade and Other Receivables	929,200
Prepayments	560
Inventories	1,822

Current Liabilities of \$268,807 includes:

Trade and Other Payables	165,209
Provisions	103,598

Working Capital (Current Assets *less* Current Liabilities) is 6,876,918

Equity (Total Assets *less* Total Liabilities) is 9,644,306

Reserves of \$5,120,403 include:

Plant and Infrastructure Reserve	921,258
Site Post Closure Rehabilitation Reserve	3,182,619
Waste Minimisation Reserve	516,526
Banksia Road Construction Reserve	500,000

#### 4. Investments

Total of \$6,029,140 includes:

ANZ Banking Group	2,806,933
Commonwealth Bank	307,510
National Australia Bank	500,000
Westpac	2,414,697

#### Background

A financial management report is provided to Councillors on a monthly basis which includes the following summaries:

- Statement of Comprehensive Income (**attached** at Appendix 1)
- Statement of Financial Activity (**attached** at Appendix 2)
- Capital Works Expenditure Summary (**attached** at Appendix 3)
- Balance Sheet Summary (**attached** at Appendix 4)
- Statement of Net Current Assets (**attached** at Appendix 5)
- Fees and Charges Summary (**attached** at Appendix 6)
- Debtors Report (**attached** at Appendix 7)

These summaries include end-of-year forecasts based on a monthly review of year-to-date income and expenditure for all accounts.

#### Legislative Compliance

In accordance with the provisions of Section 6.4 of the Local Government Act 1995 and Regulation 34(1) of the Local Government (Financial Management) Regulations 1996, a Local Government is to prepare each month a Statement of Financial Activity (Attached at Appendix 2) reporting on the revenue and expenditure as set out in the annual budget under Regulations 22 (1) (d) for this month.

The following is an explanation of significant variances identified in the Statement of Comprehensive Income and the Statement of Financial Activity.

<b>Statement of Comprehensive Income</b>	<b>YTD Actual to YTD Budget Variance</b>
<b>Operating Income</b>	
<b>Interest Earnings</b>	
<b>Site Rehabilitation Post Closure Reserve; investment interest received for the Site Rehabilitation Post Closure Reserve was greater than anticipated.</b>	\$ 21,816 61%
<b>Operating Expenditure</b>	
<b>Other Expenditure</b>	
<b>Landfill Levy; expenditure is favourable because of reduced tonnages being received from Perth.</b>	\$ 63,020 33%
<b>Statement of Financial Activity</b>	<b>YTD Actual to YTD Budget Variance</b>
<b>Interest Earnings; includes \$21,816 increase in investment earnings for the Site Rehabilitation Post Closure Reserve due to higher than anticipated returns.</b>	\$ 26,805 34%
<b>Other Expenditure; includes \$63,020 decrease in landfill levy expense. Note the landfill levy expense is fully recouped by on-charging to customers plus a margin of 8.7%.</b>	\$ 55,658 20%



**Executive Recommendation**

The Financial Statements for the period ending 31<sup>st</sup> October 2014 be received, with amendment to Landfill Levy expenditure totals that need to be corrected.

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**OC81023-1303**

**Moved:**

**Cr Murray Cook**

**Second:**

**Cr Greg Campbell**

**5/0**

**Unanimous  
CARRIED**

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**11.4 Payments of Accounts for October 2014**

**Reporting Officer:**

*Chris Welham, Accountant*

**File Number:**

-

**Attachments:**

*Summary of Accounts Paid for October 2014*

**Précis**

Section 13 (2) of Government (Financial Management) Regulations 1996 require that where Local government has delegated to the CEO the exercise of its power to make payments from the municipal fund or the trust fund, a list of accounts paid by the CEO is to be prepared each month showing detail for each account paid since such list was prepared. This item is presented to Council to advice of payments made for October 2014.

**Background**

As noted above.

**Officer Comment**

The attachment details all payments made for October 2014

**Consultation**

NIL

**Financial Implications**

As per the declaration within the schedule summary, the accounts have been checked and are fully supported by vouchers and invoices and which have been duly certified as to the receipt of goods and the rendition of services and as to prices, computations and costings. Sufficient allocations are contained within the 2014/2015 budget to cover payment of the accounts.

**Statutory Environment**

Sections 12 and 13 of the Local Government (Financial Management) Regulations 1996 apply.

**Strategic Implications**

NIL

**Policy Implications**

NIL

**Voting Requirement**

Simple Majority

**Officer Recommendation**

That the attached summary of schedule of accounts paid for October 2014 be received.

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**OC81023-1304**

**Moved:**

**Cr Judy Jones**

**Second:**

**Cr Peter Monagle**

**5/0  
Unanimous  
CARRIED**

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**11.5 Purchase of Capital Equipment**

**Reporting Officer:**

*Tony Battersby, Chief Executive Officer*

**File Number:**

-

**Attachments:**

*Evaluation Report*

**Précis**

This item is presented to Council for Council to consider the approval of funds for purchasing Capital Equipment. The equipment will be utilised in the Stanley Road Waste Facility Operations and will replace the existing wheel loader. The CEO is seeking Councils approval to purchase the following equipment:

1. One (1) – New Wheel Loader.

**Background**

The purchase of one (1) New Wheel Loader is included in 2014/2015 Budget which was adopted by Council at the Ordinary Meeting held 10th July 2014. The Wheel Loader will replace the existing Cat 950H wheel loader which is utilised in the day to day operations at the Stanley Road Waste Facility.

**Officer Comment**

Funding for the Capital Equipment Purchase is included in the 2014/2015 Annual Budget. Quotations were sourced from WALGA's preferred supplier contract (Plant and Equipment Contract No. RFQ1415-00017) for the supply of a one (1) New Wheel Loader. Tenders closed at 10.00 am on Wednesday 5<sup>th</sup> November 2014 and were opened by the WALGA Support Officer – Amy Green and WALGA Procurement Consultant – Cheryl Dogru. Officers conducted an intense review on all tenders submitted and are confident with their evaluations and recommendations.

**Tender Submissions**

The following quotations were received:

**Supply of New Wheel Loader including trade-in of the existing Cat 950H Loader**

<b>Tender No.</b>	<b>Company</b>	<b>Address</b>
1	CJD Equipment Pty Ltd WA	52 Great Eastern High Way, South Guildford
2	Komatsu Australia Pty Ltd	33 McCombe Road Bunbury WA 6230
3	WesTrac Pty Ltd	1 Wilson Road Bunbury WA 6230

**Outright purchase of the existing Cat 950H Loader**

<b>Tender No.</b>	<b>Company</b>
4	Smith Broughton & Sons
5	Goldsmith Civil & Environmental Pty Ltd
6	D.R Abell & S.C Michela T/As Quik Torque
7	Allused PL

**Consultation**

Consultation with all relevant organisations and parties has been conducted through Evaluation Report, including the Bunbury Harvey Regional Council Staff and plant inspections were conducted by the Evaluation Report Team.

**Financial Implications**

A budget allocation for the purchase of one (1) New Wheel Loader, has been included in the 2014/2015 annual budget

Budget allocation for Capital Equipment Purchase GL # 49002.215.15:

1 x Wheel Loader \$340,000.00.

Budget allocation for Capital Income GL # 59000.615.96:

\$80,000.00 income for trade of existing Cat 950H.

**Strategic Implications**

Acceptance of the Officers Recommendation is consistent with Council's Strategic Waste Management Plan and will "facilitate the provision of a reliable essential service to the Bunbury Harvey Regional Council customers.

**Policy Implications**

NIL

**Voting Requirement**

Absolute Majority

**Officer Recommendation**

*That Council accepts the tender submission from WesTrac Pty Ltd for one (1) new 950K BR Wheel Loader with the option of a Caterpillar Weigh system installed and calibrate at the sale total of \$310,800.00 + GST.*

*That Council accepts the tender submission from WesTrac Pty Ltd for the purchase of existing Cat 950H Wheel Loader for \$80,500.00 + GST.*

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**OC81023-1305**

**Moved:**

**Cr Judy Jones**

**Second:**

**Cr Murray Cook**

**5/0  
Unanimous  
CARRIED**

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## **12. General Business**

### **12.1 Operational Update for January and November 2014**

**Reporting Officer:** Tony Battersby, Chief Executive Officer

**File Number:** -

- **Expansion of the Regional Council**

*Royalties for Regions funding application has been successful with securing \$4,150,000.00 for the purchase of Lot 1 Banksia Road Crooked Brook and operational upgrades to the facility.*

*Shire of Dardanup to consider offer by the Wellington Group of Councils at its Council meeting on the 21<sup>st</sup> May 2014. Wellington Group of Councils to meet on the 23<sup>rd</sup> May 2014 to discuss the outcome of the Shire of Dardanup Council decision on the sale of Lot1 Banksia Road Crooked Brook.*

*Talis Consulting will be conducting some feasibility costing into the following:*

- 1. Alternative parcels of land that would be suitable for future regional landfill facilities with thought being given to suitable sites between Bunbury and Busselton and the possibility of incorporating the whole of waste in the Southwest Region,*
- 2. Constructing lined cells at Stanley Road for medium to long term solutions of waste disposal for the City of Bunbury and the Shire of Harvey, will require DER approval.*
- 3. Costing of using a synthetic liner on the Stanley Road capping as an alternative to clay from Banksia Road.*

*Shire of Dardanup is negotiating with prospective buyers who submitted an Expressions of Interest to purchase Lot1 Banksia Road Crooked Brook. The Wellington Group of Councils have been advised that their tender price is below that of the parties that the Shire of Dardanup will be negotiating with.*

- **Bunbury Wellington Regional Grouping (BWRG)**

**Round two of funding applications open on 10<sup>th</sup> January 2014.**

Application for round two of the funding is being completed, three projects for funding are being sourced one (1) Eleven additional Mobile Composting Aerators. Two (2) Concrete bunkers for screened compost – Banksia Road. Three (3) Additional Frontend Loaders to cope with extra work load – Banksia Road.

**Verbally given confirmation that the Wellington Regional Group has been successful with two of the three funding projects, Mobile Composting Aerators successful, Concrete Bunkers successful and Frontend Loader unsuccessful.**

- **Banksia Road Composting Facility**

Shire of Donnybrook/Balingup commence three bin organic recycling and will deliver their first load to the compost facility on the **1<sup>st</sup> December 2014**. Margaret Macindoe and Darran Plumb have been conducting public consultation with the residents at shopping centres, schools and local events leading up to the roll out of the new service.

City of Bunbury Waste Operations has diverted 10,040 tonnes of organics from landfill since the commissioning of the compost facility and introduction of the third bin for

residents to recycle organics. The 10,040 tonnes of organics diverted equates to an estimated saving of 7,000 tonnes of greenhouse gas emissions emitted into the environment from landfill gasses, this equals the removal 1,658 passenger cars of the road per year.

- **Stanley Road Waste Facility License Extension**

Bi-monthly on site meetings is being held between the local DER Officer and myself to progress the required works and rehabilitation commencement.

- **Scrap Steel – Stanley Road**

J and P Group have awarded the purchase of scrap steel contract for this round, price is significantly down from previous round due to the world commodities market \$87.50 + GST per tonne.

- **Frontend Loader – Replacement**

Tender for the replacement and trade of the CAT 950H have been requested through the WALGA preferred suppliers program, tenders will close 5<sup>th</sup> November 2014. As per agenda

- **Telehandler – Replacement**

Tender for the replacement and trade of the New Holland Telehandler have been requested, through Tender Link, tenders will close 10<sup>th</sup> December 2014.

- **Staff Matters**

Andrew Morrison will be on annual leave in December, for four weeks.

Brett Clifton has been employed to replace Bill Triplett as the Landfill Compactor Operator.

Tony Battersby will be on annual leave from the 20<sup>th</sup> December 2014 to the 23<sup>rd</sup> February 2015.

**13. Confidential Reports**

NIL

**14. Notices of Motion**

NIL

**15. Next Meeting**

To be held on Thursday 18<sup>th</sup> December 2014 at the **Shire of Harvey Admin Building, Mulgara Street, Australind, commencing at 11:00am.**

**16. Closure**

4:08

