



Ordinary Council Meeting

Minutes

15 December 2016

Bunbury-Harvey Regional Council

Old Railway Station Complex
Carmody Place
Bunbury WA 6230
Western Australia

Correspondence to:
Post Office Box 21
Bunbury WA 6231

Ordinary Council Meeting Declaration of Opening

The Chairman declared the meeting open at **4:00pm**.

These Minutes are confirmed as being true and correct by Council – **RESOLUTION: OC81023-1445**

Cr Judy Jones
Chairman

Mr Tony Battersby
Chief Executive Officer

Minutes 15 December 2016

Council Members:

Member Name	Representing
Cr Judy Jones	City of Bunbury
Cr Jaysen Miguel	City of Bunbury
Cr Murray Cook	City of Bunbury
Cr Peter Monagle	Shire of Harvey
Cr Bill Adams	Shire of Harvey

Ex-officio Members (non-voting):

Member Name	Representing
Mr Tony Battersby	Chief Executive Officer (BHRC)
Mr Michael Parker	Chief Executive Officer (Shire Of Harvey)
Mr Andrew Brien	Chief Executive Officer (City of Bunbury)

Support Staff:

Name	Title
Ms Martinette Pieterse (minute taker)	Secretary
Chris Welham	Accountant

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ATTACHMENTS:

- Attachment 1 - 2016 Annual Report**
- Attachment 2 - DRAFT Asset Management Plan**
- Attachment 3 - Asset Register**
- Attachment 4 - Response Letter from City of Bunbury (Waste Disposal Tenure at Stanley Road)**
- Attachment 5 - Regional Waste Education Update**
- Attachment 6 - Safety Committee Meeting - Minutes**

1. Attendances

Council Members:

Member Name	Representing
Cr Judy Jones	City of Bunbury
Cr Murray Cook	City of Bunbury
Cr Jaysen Miguel	City of Bunbury
Cr Peter Monagle	Shire of Harvey
Cr Bill Adams	Shire of Harvey

Ex-officio Members (non-voting):

Member Name	Representing
Mr Tony Battersby	Chief Executive Officer (BHRC)
Mr Michael Parker	Chief Executive Officer (Shire of Harvey)
Mr Andrew Brien	Chief Executive Officer (City of Bunbury)
Mr Gavin Harris	Director Works and Services (City of Bunbury)

Support Staff:

Name	Title
Miss Martinette Pieterse (minute taker)	Secretary
Mr Chris Welham	Accountant
Mr David Ransom	Manager Finance (City of Bunbury)

1.1 Apologies

Nil

1.2 Approved Leave of Absence

Nil

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

Council Decision:

Moved: Cr Bill Adams

Seconded: Cr Murray Cook

The minutes of the Ordinary meeting of Council held on 24 November 2016, are confirmed as a true and accurate record.

CARRIED
5/0
OC81023-1440

6. Petitions and Memorials

Nil

7. Declarations of Interests

Cr Bill Adams declared his interest with relationship (father/son) with Russell Adams, who's employed by the BHRC.

8. Announcements (by the presiding member without discussion)

Cr Judy Jones wished Council and its members a safe and wonderful festive season.

9. Reports of Committees

Nil

10. Business of Previous Meeting

Nil

11. Reports of Officers

11.1 2016 Annual Report

Reporting Officer: Chris Welham, Accountant
Tony Battersby, Chief Executive Officer
File Number: -
Attachment(s): **Attachment 1 - 2016 Annual Report**

Summary

The 2016 Annual Report which includes the audited Annual Financial Statements and Auditor's Report of the Bunbury-Harvey Regional Council for the financial year ending 30 June 2016 are attached for the information of Council.

Background

The Council's auditors, Grant Thornton have audited the 2015/16 Annual Financial Statements and have provided an Independent Auditor's Report as required under the relevant provisions of the *Local Government Act 1995* (the Act). The Auditor's Report and Annual Financial Statements are now presented to Council for information.

Furthermore, section 7.12A(2) of the Act requires a local government to meet with its Auditor at least once in every year.

Mr Michael Hillgrove from Grant Thornton is the Council's appointed Auditor and was in attendance at today's Audit Committee to discuss with the Committee any queries arising from the 2015/16 Audit.

Council Policy Compliance

N/A

Legislative Compliance

Section 7.9(1) of the Act requires the auditor to submit a report to the local government by 31 December each year.

Section 7.12A(2) of the Act requires a local government to meet with its Auditor at least once each year.

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).

Key financial figures within the audited Annual Financial Report for the year ended 30 June 2016 include:

	<u>2016</u>	<u>2015</u>
Operating Revenue	\$ 3,367,320	\$ 4,342,766
Operating Expenses	\$ (3,127,392)	\$ (3,762,053)
Operating Surplus	\$ 239,928	\$ 580,713
Net Result (utilised for capital works)	\$ 451,128	\$ 597,202

For the year ending 30 June 2016, the operating surplus was \$240K compared to \$581K in 2014/15, a decrease of \$341K. The decrease of \$341K in revenue is mainly due to decreases in tonnages received from outside the Bunbury-Harvey Region.

When capital grants and profit/loss on disposal of assets are included, the Net Result was a surplus of \$451K (compared to a surplus of \$597K in 2014/15). The Statement also accounts for the revaluation of non-current assets during the year of \$553K resulting in a Total Comprehensive Income for 2015/16 of \$1.0M compared to \$613K in 2014/15.

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 Equity as at the 30 June 2016.

Key financial figures within the audited Annual Financial Report for the year ended 30 June 2016 include:

	<u>2016</u>	<u>2015</u>
Current Assets	\$ 7,412,856	\$ 7,331,238
Current Liabilities	\$ 340,564	\$ 489,620
Current Assets over Current Liabilities	\$ 7,072,292	\$ 6,841,618

Non-Current Assets	\$ 3,624,675	\$ 2,843,650
Non-Current Liabilities	\$ 43,986	\$ 36,917
Total Equity	\$10,652,981	\$ 9,648,351

Council's current assets exceed current liabilities by \$7.1M compared to \$6.8M in 2014/15. The total Equity as at 30 June 2016 was \$10.6M an increase of \$1.0M on 2014/15.

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 Equity has been increased by the net result of the year's activities. For the year ending 30 June 2016, the Equity increased from \$9.6M to \$10.6M.

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 inflows and out flows from all activities. Council's cash held at the end of the reporting period was \$7.1M compared to \$6.9M in 2014/15.

Fee Setting Statement: The Fee Setting Statement (shown on page 6 of the Financial Statements) shows the amount of fees and charges required to be raised to fund the Council's operating during 2015/16. In 2015/16, \$2.9M in fees and charges were raised, a decrease of \$581K or 17% on 2014/15 (Council restricted tonnages coming in from outside the Bunbury-Harvey region pending the Department of Environment Regulation's approval of Post Closure plans for existing cells.).

Financial Information by Ratio:	2016	2015	2014
Current Ratio	3.34	5.34	4.96
<i>Current Assets as a ratio of Current Liabilities.</i>			

(Measure of short term liquidity, i.e. the ability of 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)

Asset Sustainability Ratio	1.54	0.98	2.25
<i>Capital renewal and replacement expenditure as a ratio of depreciation expense.</i>			

(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)

Debt Service Cover Ratio	Nil	Nil	Nil
<i>Operating Surplus before Interest and Depreciation as a ratio of principal and interest expense for borrowings.</i>			
<i>Council had no borrowings as at 30 June 2016.</i>			

(Measures Council's ability to service debt out of its uncommitted or general purpose funds available for its operations. The Department of Local Government indicates that a Basic standard is achieved if ≥ 2.0 . An Advanced standard is ≥ 5.0)

Operating Surplus Ratio	0.07	0.14	0.33
<i>Operating Revenue minus Operating Expenditure as a ratio of own source operating revenue.</i>			

(A result of lower than zero indicates that the Council has an operating deficit. The Department of Local Government indicates that a Basic standard is achieved if between 0.01 and 0.15)

Own Source Revenue Coverage Ratio 1.03 1.01 1.20
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)

Analysis of Financial and Budget Implications

There are no financial or budget implications for Council to accept the 2016 Annual Report.

Community Consultation

Community consultation not required.

Audit Committee Recommendation

That Council accepts the 2016 Annual Report which includes the audited Annual Financial Statements and Auditor's Report of the Bunbury-Harvey Regional Council for the financial year ending 30 June 2016

Council Decision: **Moved:** Cr Peter Monagle **Seconded:** Cr Murray Cook

CARRIED
5/0

RESOLUTION: OC81023-1441

11.2 Financial Statements for the period ending 30 November 2016

Reporting Officer: Chris Welham, Accountant

File Number:

Attachments: Appendices 1 to 8

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 30 November 2016

	ACTUAL	BUDGET	VARIANCE	
• Year-to-date income	2,003,756	1,549,555	454,201	<i>favourable</i>
• Year-to-date expenditure	1,347,451	1,332,408	15,043	<i>unfavourable</i>
• Year-to-date operating surplus	656,305	217,147	439,158	<i>favourable</i>

2. Statement of Financial Activity (**attached** at Appendix 3)

Closing Funding Surplus to 30 June 2017 is forecast at \$726K, which is \$274K more than the Current Budget Closing Surplus of \$452K. This will be included in the February 2017 Budget Review.

3. Capital Works (**attached** at Appendix 4)

	ACTUAL	BUDGET	VARIANCE
• Year-to-date capital expenditure	111,420	113,689	2,269 <i>favourable</i>

4. Statement of Financial Position (**attached** at Appendix 5)

	Year-to-date	Forecast
• Current Assets of \$8,364,173 includes:		
○ Cash and Cash Equivalents	7,741,649	5,542,739
○ Trade and Other Receivables	620,563	300,000
○ Inventories	1,960	2,000
• Current Liabilities of \$506,527 includes:		
○ Trade and Other Payables	330,200	202,879
○ Provisions	176,327	148,826
• Working Capital (Current Assets <i>less</i> Current Liabilities) is	7,857,646	5,493,034
• Equity (Total Assets <i>less</i> Total Liabilities) is	11,404,737	10,556,719
• Reserves of \$6,355,152 includes:		
○ Plant and Infrastructure Reserve	337,115	504,921
○ Site Post Closure Rehabilitation Reserve	3,757,923	2,882,159
○ Waste Minimisation Reserve	712,985	806,284
○ Stanley Road Lined Cell Construction Reserve	527,213	542,417
○ Site Acquisition and Investigation Reserve	1,019,916	31,147

5. Investments

• Total of \$7,633,668 includes:	
○ Bankwest	1,691,630
○ Commonwealth Bank	418,105
○ National Australia Bank	5,523,933

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)
- Banksia Road Operations (**attached** at Appendix 2)
- Statement of Financial Activity (**attached** at Appendix 3)
- Capital Works Expenditure Summary (**attached** at Appendix 4)
- Statement of Financial Position (**attached** at Appendix 5)
- Statement of Net Current Assets (**attached** at Appendix 6)
- Fees and Charges Summary (**attached** at Appendix 7)
- Debtors Report (**attached** at Appendix 8)

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 3) reporting on the revenue and expenditure as set out in the annual budget under Regulations 22 (1) (d) for this month.

At the Council Meeting on 28 July 2016, Council adopted that a variance between actual and budget-to-date of greater than or equal to 10% and \$15,000 is considered to be a material variance for reporting purposes in the Statement of Financial Activity for 2016/17.

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

Statement of Comprehensive Income	YTD Actual to YTD Budget Variance
Operating Income	
Fees and Charges	
Casual Tipping Fees Casual tipping revenue favourable compared to budget. The primary reason for this is that Council has received \$432K from the Yarloop Fire clean up.	\$386,487 67%
Banksia Road Sale of Compost Banksia Road Sale of Compost is below budget because the compost on site has been too wet to screen and present for sale. Demand has started to increase.	\$(22,133) (39)%
Other Revenue	
Landfill Levy Income is above budget. Tonnage from the Perth area has been received from Cross Resource Management, Clean Site Bins and West Bins.	\$89,320 429%
Operating Expenditure	
Materials and Contracts	
Organics Expenditure Savings in organics expenditure relate to reduced maintenance costs on the mulcher and screener, which have had no major breakdowns this year, and equipment hire has not been necessary this year.	\$14,769 17%
Earthworks Operations expenditure is above budget because an earth bund has been removed to extend the life of the landfill.	\$(19,831) (23)%
Other Expenditure	
Landfill Levy Expenditure is above budget because tonnage from the Perth area has been received from 3 customers: Cross Resource Management, Clean Site Bins and West Bins. This expenditure is fully recouped from customers.	\$(69,903) (365)%
Statement of Financial Activity	YTD Actual to YTD Budget Variance
Revenues by Nature and Type	
Fees and Charges Please refer above to the comments on Fees and Charges for the Statement of Comprehensive Income.	\$360,722 26%
Other Revenue Please refer above to the comments on Other Revenue for the Statement of Comprehensive Income.	\$94,654 166%
Expenses by Nature and Type	
Materials and Contracts Please refer above to the comments on Materials and Contracts Expenditure for the Statement of Comprehensive Income.	\$41,112 10%
Other Expenditure Please refer above to the comments on Other Expenditure for the Statement of Comprehensive Income.	\$(68,131) (53)%

Officer Recommendation

Council Decision: Moved: Cr Peter Monagle Seconded: Cr Jaysen Miguel

The Financial Statements for the period ending 30 November 2016 be received.

CARRIED
5/0

RESOLUTION: OC81023-1442

11.3 Summary of Accounts Paid for November 2016

Reporting Officer: Chris Welham, Accountant
File Number:
Attachments:

Summary

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 November 2016.

Background

As noted above

Officer Comment

The attachment details all payments made for November 2016.

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 service and as to prices, computations and costings. Sufficient allocations are contained within the 2016/2017 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

Council Decision: Moved: **Cr Murray Cook** Seconded: **Cr Bill Adams**

That the attached summary of accounts paid for November 2016 be received.

CARRIED
5/0

RESOLUTION: OC81023-1443

11.4 **DRAFT – Asset Management Plan**

Reporting Officer: Tony Battersby, Chief Executive Officer
File Number: -
Attachments: **Attachment 2:** Draft – Asset Management Plan
Attachment 3: Asset Register

Précis

The principal objective of this Asset Management Plan is to ensure BHRC meets its service delivery objectives efficiently and effectively.

These objectives will be achieved by:

- Maximising the service potential of existing assets by ensuring they are appropriately used and maintained.
- Reducing the demand for new assets through demand management techniques and consideration of alternative service delivery options.
- Focusing attention on results by clearly assigning responsibility, accountability and reporting requirements in relation to asset management.
- Achieving greater value for money through project initiation and evaluation processes which takes into account life cycle costing and value management techniques.
- Eliminating unnecessary acquisition and holding of assets by ensuring managers are aware of the full costs of holding and using assets.
- Clearly established accountability and reporting requirements that are communicated and implemented.

This plan is prepared as a 'core' management plan in accordance with the International Infrastructure Management Manual (IIMM). It is prepared to meet minimum legislative and organisational requirements for sustainable service delivery and long term financial planning and reporting. Core asset management is a 'top down' approach where analysis is applied at the 'system' or 'network' level.

Future revisions of this asset management plan will move towards 'advanced' asset management using a 'bottom up' approach for gathering asset information for individual assets to support the optimisation of activities and programs to meet agreed service levels.

The Integrated planning and reporting have been developed as part of the State Government's Local Government Reform Program. They reflect a nationally consistent approach to integrated planning as expressed by the Council of Australian Governments' Local Government Planning Ministers' Council.

Background

The BHRC has not previously adopted an Asset Management Plan.

Consultation

The Bunbury-Harvey Regional Council staff.

Financial Implications

Nil

Statutory Environment

- Local Government Act 1995

- Waste Avoidance and Recovery Act 2007
- Environmental Protection (Unauthorised Discharge) Regulations 2004
- Environmental Protection (Controlled Waste) Regulations 2004
- Environmental Protection (Noise) Regulations 2004
- Environmental Protection (Rural Landfill) Regulations 2004
- WHS Act Regulations 2012

Strategic Implications

Discussed in the body of the Report.

Policy Implication

Discussed in the body of the Report.

Voting Requirement

Simple Majority

Officer Recommendation

That Council adopt the Asset Management Plan as detailed in attachment.

This Matter was adjourned until 23 February 2017 meeting.

Council Decision: **Moved:** Cr Murray Cook **Seconded:** Cr Jaysen Miguel

CARRIED/LOST
5/0

RESOLUTION: OC81023-1444

12. General Business

12.1 Operational Update – December 2016

• **Request for BHRC Workshop**

A Workshop was held on Wednesday 16 November 2016 and was facilitated by Ian Watkins from IW Projects.

“Letters was sent” to the City of Bunbury and the Shire of Harvey on Friday 25 November 2016 requesting their commitment to waste disposal at Stanley Road Waste Management Facility on a long term basis, their preferred model of future Governance for the Regional Council and ownership options for Lot 45 Stanley Road Wellesley.

Response letter from the City of Bunbury – **Attachment 4**

• **Stanley Road Rehabilitation**

A tender document is currently being formatted for construction of Gabion Wall as per DER licences, tenders to be called early 2017.

• **Landfill Compactor Replacement**

The delivery of the new landfill compactor from Westrac Pty Ltd is scheduled for mid-January 2017.

- **Organic Certification**

A Media release is being prepared by Regional Waste Education Officers.

- **Stanley Road Administration Complex**

Quotes are currently being obtained from suitably qualified transportable building manufacturers for the supply and set up of administration complex. In addition have a consultant doing the bush fire rating for the site as part of the building specification requirements and the Shire DA.

The original location for administration complex at entrance to Stanley Road site has been ruled out due to the high fire rating (BAL) issued by the consultant. An alternative location to the south-east of the site is being considered and rated by the consultant on Tuesday 13 December 2016.

- **BHRC Standing Orders**

A revised BHRC Standing Orders was sent to the Department of Local Government seeking comment prior to proceeding further with implementation.

- **Regional Waste Education Coordinator**

Interviews were conducted and after recommendation from the panel and referee checks were completed the Regional Waste Education Coordinator position was offered and accepted by Emma Clay who comes to us from the Northern Territories where Emma has been doing a similar role for the East Arnhem Regional Council. Emma will be commencing with the Council on Wednesday 4 January 2017.

In addition Emma Thomas the Regional Waste Education Officer will be going on twelve (12) months maternity leave starting on Monday 19 December 2016. Kate Shaw who was also interviewed for the Coordinators position was offered a twelve (12) month contract to cover Emma Thomas. Kate has accepted the position and started with the Council on 1 December 2016, Kate previously worked for the Leschenault Catchment Council in a similar role.

- **Regional Waste Education – Update**

As per – **Attachment 5**

- **Waste Shredder Trial**

A trial on shredding wood waste, green waste, mattress and tyres will be conducted mid-January 2017.

- **Safety Committee Meeting - Minutes**

As per – **Attachment 6**

- **Chief Executive Officers – Remuneration Package**

To be discussed at meeting.

[Review report that was due in November 2016, to be tabled and discussed at February 2017 meeting.](#)

- **BHRC Christmas Party**

The 2016 BHRC combined Christmas Party will be held at the Bunbury Trotting Track on Saturday 10 December 2016.

13. Confidential Reports

Nil

14. Notice of Motion

Nil

15. Next Meeting

To be held on Thursday 23 February 2017 at the Shire of Harvey Council Chambers, Mulgara Street, Australind, commencing at 4:00pm.

16. Close of Meeting

The Presiding Member closed the meeting at **4:47pm**.