



# Ordinary Council Meeting

## Notice of Meeting & Agenda 15 December 2016

**Meeting to be held at: Shire of Harvey Council Chambers,  
Mulgara Street, Australind on Thursday 15 December 2016,  
commencing at 4:00pm**

**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 Notice of Meeting

Dear Chairman and Councillors

The next Ordinary Meeting will be held at the *Shire of Harvey Council Chambers, Mulgara Street, Australind* on Thursday 15 December 2016 at 4:00pm.

Signed:

**Tony Battersby**

**Chief Executive Officer**

### Agenda 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**

**1.1 Apologies**

**1.2 Approved Leave of Absence**

**2. Public Question Time**

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

**4. Applications for Leave of absence**

Council Decision: Moved \_\_\_\_\_ Seconded \_\_\_\_\_

CARRIED/LOST

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**5. Confirmation of Minutes**

Council Decision: Moved \_\_\_\_\_ Seconded \_\_\_\_\_

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

CARRIED/LOST

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**6. Petitions and Memorials**

**7. Declarations of Interests**

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

**9. Reports of Committees**

**10. Business of Previous Meeting**

**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.).

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

*(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)*

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

<b>Debt Service Cover Ratio</b> <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>	Nil	Nil	Nil
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*(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  $\geq 2.0$ . An Advanced standard is  $\geq 5.0$ )*

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

<b>Own Source Revenue Coverage Ratio</b> <i>Own source operating revenue as a ratio of operating expense.</i>	1.03	1.01	1.20
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*(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 \_\_\_\_\_      Seconded \_\_\_\_\_

CARRIED/LOST

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## **11.2 Preliminary 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

	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	
• 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)

	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	
• 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
<b>Operating Income</b>	
<b>Fees and Charges</b>	
<b>Casual Tipping Fees</b> Casual tipping revenue favourable compared to budget. The primary reason for this is that Council has received \$432K from the Yarloop Fire cleanup.	\$386,487 67%
<b>Banksia Road Sale of Compost</b> 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)%
<b>Other Revenue</b>	
<b>Landfill Levy Income</b> is above budget. Tonnage from the Perth area has been received from Cross Resource Management, Clean Site Bins and West Bins.	\$89,320 429%
<b>Operating Expenditure</b>	
<b>Materials and Contracts</b>	
<b>Organics Expenditure</b> 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%
<b>Earthworks Operations</b> expenditure is above budget because an earth bund has been removed to extend the life of the landfill.	\$(19,831) (23)%
<b>Other Expenditure</b>	
<b>Landfill Levy Expenditure</b> 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
<b>Revenues by Nature and Type</b>	
<b>Fees and Charges</b> Please refer above to the comments on Fees and Charges for the Statement of Comprehensive Income.	\$360,722 26%
<b>Other Revenue</b> Please refer above to the comments on Other Revenue for the Statement of Comprehensive Income.	\$94,654 166%
<b>Expenses by Nature and Type</b>	
<b>Materials and Contracts</b> Please refer above to the comments on Materials and Contracts Expenditure for the Statement of Comprehensive Income.	\$41,112 10%
<b>Other Expenditure</b> Please refer above to the comments on Other Expenditure for the Statement of Comprehensive Income.	\$(68,131) (53)%

#### Executive Recommendation

Council Decision: Moved \_\_\_\_\_ Seconded \_\_\_\_\_

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

CARRIED/LOST

**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 \_\_\_\_\_ Seconded \_\_\_\_\_

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

CARRIED/LOST

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#### **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**

Council Decision:        Moved \_\_\_\_\_                                Seconded \_\_\_\_\_

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

CARRIED/LOST

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**12. General Business**

**12.1 Operational Update – December 2016**

• **Request for BHRC Workshop**

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.

- **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**

**14. Notice of Motion**

**15. Next Meeting**

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

**16. Close of Meeting**

The Presiding Member closed the meeting at \_\_\_\_\_.