

Bunbury - Harvey Regional Council

Council Agenda



For the Ordinary Council Meeting of

26th February 2015

**BUNBURY-HARVEY REGIONAL COUNCIL
AGENDA FOR THE ORDINARY MEETING OF COUNCIL TO BE HELD ON 26TH FEBRUARY 2015**

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BUNBURY-HARVEY REGIONAL COUNCIL

MEETING NOTICE AND AGENDA – 26TH FEBRUARY 2015

TO: THE CHAIRMAN AND COUNCILLORS

NOTICE is hereby given that an Ordinary meeting of the Bunbury-Harvey Regional Council will be held at **Shire of Harvey Admin Building, Mulgara Street, Australind, commencing at 11:00am.**

Your attendance is respectfully requested.

TONY BATTERSBY
CHIEF EXECUTIVE OFFICER

AGENDA

1. Attendance, Apologies & Leave of Absence

Name	Attended	Apologies	Leave of Absence
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

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

4. **Applications for leave of absence**

5. **Confirmation of Minutes**

Minutes of the Ordinary meeting of Council held 18th December 2014.

6. **Business of Previous Meeting**

7. **Petitions and Memorials**

8. **Declarations of Interests**

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

10. **Reports of Committees**

11. **Reports of Officers**

11.1 **Financial Statements for the period ended 31st December 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 December 2014

	ACTUAL	BUDGET	VARIANCE	
Year-to-date income	2,497,926	2,456,687	41,239	<i>favourable</i>
Year-to-date expenditure	1,822,257	2,201,971	379,714	<i>favourable</i>
Year-to-date operating surplus	675,669	254,716	420,953	<i>favourable</i>

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

Year-to-date capital expenditure	22,405	23,050	645	<i>favourable</i>
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3. Balance Sheet (**attached** at Appendix 4)

Current Assets of \$7,419,854 include:

Cash and Cash Equivalents	6,700,227
Trade and Other Receivables	717,245
Prepayments	560
Inventories	1,822

Current Liabilities of \$370,023 includes:

Trade and Other Payables	256,487
Provisions	113,536

Working Capital (Current Assets *less* Current Liabilities) is: 7,049,831

Equity (Total Assets *less* Total Liabilities) is: 9,674,392

Reserves of \$4,906,627 include:

Plant and Infrastructure Reserve	674,033
Site Post Closure Rehabilitation Reserve	3,211,432
Waste Minimisation Reserve	521,162
Banksia Road Construction Reserve	500,000

4. Investments

Total of \$6,122,899 includes:

ANZ Banking Group	2,382,215
Commonwealth Bank	1,050,000
National Australia Bank	2,588,014
Westpac	102,670

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.

Statement of Comprehensive Income	YTD Actual to YTD Budget Variance
Operating Income	
Fees and Charges	
Banksia Road	
Organics Tipping Fees Organics Tipping is ahead of budget as new customers are attracted and existing customers (e.g. Harvey Fresh) are also diverting waste to Banksia Road.	\$ 20,362 17%
Sale of Compost Compost sales are under budget but are expected to improve as the year progresses.	\$(42,039) (62)%
Income COB Support staff. This is above budget as wages outgoings are higher than budget (as 'Organics Wages' per below)	\$25,859 36%
Interest Earnings	
Interest earned is better than budget as interest rates received are higher than budget and payments plant purchases and site rehabilitation are later than expected.	\$32,960 31%
Operating Expenditure	
Employee Costs	
Organics wages (largely COB agreement staff costs) are above budget and this is being fully recouped (See Income from COB support staff)	\$(31,632) (23)%
Materials and Contracts	
Organics expenditure is above budget mainly due to repairs & maintenance to plant which will be addressed in the March budget review	\$(33,911) (41)%
Earthworks Operations. Both fuel and plant repairs and maintenance are below budget so far this year.	\$19,189 14%
Site Rehabilitation. Rehabilitation of Stanley Road site is behind schedule because the capping material has changed from clay (not available from Banksia Road) to synthetic and a report from Talis has been requested to advice on the strategy for further rehabilitation. This will be addressed in the March budget review.	\$374,624 85%

Depreciation	
Savings in Plant and Equipment depreciation are due to delays in purchases of major plant items.	\$24,513 11%

Statement of Financial Activity	YTD Actual to YTD Budget Variance
Interest Earnings; includes \$22,217 increase in investment earnings for the Site Rehabilitation Post Closure Reserve due to higher than anticipated returns.	\$ 33,015 37%
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%.	\$ 72,541 24%

Executive Recommendation

The Financial Statements for the period ending 31st December 2014 be received.

11.2 Financial Statements for the period ended 31st January 2015

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 January 2015

	ACTUAL	BUDGET	VARIANCE	
Year-to-date income	2,845,980	2,902,347	56,367	<i>unfavourable</i>
Year-to-date expenditure	2,060,952	2,577,188	516,236	<i>favourable</i>
Year-to-date operating surplus	785,028	325,159	459,869	<i>favourable</i>

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

Year-to-date capital expenditure	348,205	375,900	27,695	<i>favourable</i>
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3. Balance Sheet (**attached** at Appendix 4)

Current Assets of \$7,072,169 includes:

Cash and Cash Equivalents	6,610,606
Trade and Other Receivables	459,180
Prepayments	560
Inventories	1,823

Current Liabilities of \$201,863 includes:	
Trade and Other Payables	92,535
Provisions	109,328
Working Capital (Current Assets less Current Liabilities) is	6,870,306
Equity (Total Assets less Total Liabilities) is	9,783,751
Reserves of \$4,666,332 include:	
Plant and Infrastructure Reserve	429,471
Site Post Closure Rehabilitation Reserve	3,211,432
Waste Minimisation Reserve	521,162
Banksia Road Construction Reserve	504,267

4. Investments

Total of \$6,459,956 includes:	
ANZ Banking Group	2,382,215
Commonwealth Bank	1,387,057
National Australia Bank	2,588,014
Westpac	102,670

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:

Statement of Comprehensive Income	YTD Actual to YTD Budget Variance
Operating Income	
Fees and Charges	
Banksia Road	
Organics Tipping Fees Organics Tipping is ahead of budget as new customers are attracted and existing customers (e.g. Harvey Fresh) are also diverting waste to Banksia Road.	\$ 21,762 15%
Sale of Compost Compost sales are under budget but are expected to improve as the year progresses.	\$(54,427) (62)%
Income COB Support staff. This is above budget as wages outgoings are higher than budget (as 'Organics Wages' per below)	\$14,208 17%
Interest Earnings	
Interest earned is better than budget as interest rates received are higher than budget and payments plant purchases and site rehabilitation are later than expected.	\$36,928 29%
Other Revenue	
Landfill Levy Income. This is 10% below budget year-to date due to lower tonnages being received from Perth metro area so far this year.	36,025 10%
Operating Expenditure	
Employee Costs	
Organics wages (largely COB agreement staff costs) are above budget and this is being fully recouped (See Income from COB support staff)	\$(33,208) (23)%
Materials and Contracts	
Organics expenditure is above budget mainly due to repairs & maintenance to plant which will be addressed in the March budget review	\$(28,344) (29)%
Earthworks Operations. Both fuel and plant repairs and maintenance are below budget so far this year.	\$26,711 17%
Site Rehabilitation. Rehabilitation of Stanley Road site is behind schedule because the capping material has changed from clay (not available from Banksia Road) to synthetic and a report from Talis has been requested to advice on the strategy for further rehabilitation. This will be addressed in the March budget review.	\$464,398 84%
Depreciation	
Savings in Plant and Equipment depreciation (\$29,298) are due to delays in purchases of major plant items.	\$37,492 13%
Other Expenditure	
Landfill Levy Expense is above budget in line with decreased Levy received from customers as above. Note the landfill levy expense is fully recouped by on-charging to customers plus a margin of 8.7%.	\$(32,056) (10)%

Statement of Financial Activity	YTD Actual to YTD Budget Variance
Interest Earnings; includes \$23,551 increase in investment earnings for the Site Rehabilitation Post Closure Reserve due to higher than anticipated returns.	\$ 36,928 29%
Materials and Contracts; includes \$464,398 saving in Site Rehabilitation costs as described above.	\$503,171 45%
Other Expenditure; includes \$32,056 increase in landfill levy expense. Note the landfill levy expense is fully recouped by on-charging to customers plus a margin of 8.7%.	\$ (43,731) (9)%
Depreciation; Savings in Plant and Equipment depreciation (\$29,298) are due to delays in purchases of major plant items.	\$37,492 13%

Executive Recommendation

The Financial Statements for the period ending 31 January 2015 be received.

11.3 Payments of Accounts for November 2014, December 2014 and January 2015

Reporting Officer: *Chris Welham, Accountant*
File Number: -
Attachments: *Summary of Accounts Paid for November 2014, December 2014 and January 2015*

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 November 2014, December 2014 and January 2015

Background

As noted above.

Officer Comment

The attachment details all payments made for November 2014, December 2014 and January 2015.

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 November 2014, December 2014 and January 2015 be received.

12. General Business

12.1 Operational Update for February 2015

Reporting Officer: Tony Battersby, Chief Executive Officer

File Number: -

• ***Expansion of the Regional Council***

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.*

Talis Consulting meeting with DER next week to discuss Stanley Road revised Rehabilitation Plan and time frame for works to commence. Talis will also be discussing with the DER the Groundwater Further Studies Plan and the Proposed lined cells expansion at Stanley Road.

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

Round two of funding applications open on 10th 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**

Received letter from the Shire of Dardanup advising of the pending sale of Lot 1 Banksia Road Dardanup and the details of .the prospective new owner.

A letter has been sent to CPPS Pty Ltd requesting a meeting to discuss the future lease agreement of the compost facility at Lot1 Banksia Road Dardanup. **Letter from the Shire of Dardanup - Attached**

- **Telehandler – Replacement**

A John Deere skid steer loader has been purchased for the Stanley Road Waste Transfer Station.

New Holland telehandler loader proposed to be retained for the Compost Facility, to be consider by Council at March budget review.

- **Staff Matters**

Mark Hay will be on annual leave in February/March, for three weeks.

13. Confidential Reports

14. Notices of Motion

15. Next Meeting

To be held on Thursday 26th March 2015 at the **Shire of Harvey Admin Building, Mulgara Street, Australind, commencing at 4:00pm.**

16. Closure

