BUNBURY·HARVEY
Regional Council

Ordinary Council Meeting

Notice of Meeting & Agenda
22 February 2018

***Meeting to be held at: The Shire of Harvey Council Chambers, Mulgara Street, Australind on Thursday 22 February 2018, commencing at* 4:00pm.**

Open Council Meetings – Procedures

1. All Council meetings are open to the public, except for matters raised by Council under "confidential items".
2. Members of the public may ask a question at an ordinary Council meeting under "public question time".
3. Members of the public who are unfamiliar with meeting procedures are invited to seek advice at the meeting. If unsure about proceedings, just raise your hand when the presiding member announces public question time.
4. All other arrangements are in accordance with the Council's standing orders, policies and decisions of the Council.

Undersigned

Chief Executive Officer

Bunbury-Harvey Regional Council
Lot 45 Stanley Road, Wellesley
Western Australia 6233

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ATTACHMENTS

Attachment 1 -	**Financial Statements for the Period Ending 31 December 2017**
Attachment 2 -	**Financial Statements for the Period Ending 31 Januray 2018**
Attachment 3 -	**Summary of Accounts Paid for the Period Ending 31 December 2017**
Attachment 4 -	**Summary of Accounts Paid for the Period Ending 31 January 2018**
Attachment 5 -	**UPDATED – Purchasing Policy**
Attachment 6 -	**Community Engagement Policy**
Attachment 7 -	**INFORMATION ONLY – DWER Annual Environmental Report 2017**
Attachment 8 -	**INFORMATION ONLY - HHW Facility Assessment Results – Report 2018 (With Comments)**
Attachment 9 -	**INFORMATION ONLY – Minutes Safety Meeting 18.01.2018**

Vision

To be a leader in the development, implementation and maintenance of innovative and sustainable waste reduction, recycling and collection services while managing waste facilities with best practice standards within an engaged community.

Mission

To ensure the delivery of an integrated, cost-effective and environmentally sound waste management system and to promote sustainable community programs and policies. Intergenerational equity – ensuring that the health, diversity and productivity of the environment is maintained or enhanced for the benefit of future generations.

Core Values

The Bunbury-Harvey Regional Council aspires to act in accordance with the following values in all its decisions and actions:

Leadership: with good leadership, employee wellbeing and performance are enhanced and consequently the organisation thrives and prospers. Leadership is a critical determinant of organisational effectiveness empowering people to help create change. This means that the essence of leadership is building and maintaining a team and guiding that team towards desired results.

Team Work: a team environment demands that you make responsible decisions; it requires you to take charge. It requires you to develop excellent interpersonal skills to interact at a much different level with your team members.

Integrity: acting with a level of trust, respect, honesty, hard work, communication and shared responsibility that is exhibited by its people.

Accountability: ensuring the collection and management of solid waste and recovered materials in an environmentally sound manner and in accordance with regulatory requirements and the Department of Water and Environment Regulation Licence Conditions.

Respect: 'respect yourself', 'respect others' and 'respect our environment'.

Innovation: embracing new and better ways to achieve improved results through creativity, inventiveness, teamwork and the adoption of appropriate new processes and technology.

Bunbury-Harvey Regional Council
Notice of Meeting

The next Ordinary Meeting will be held at the Shire of Harvey Council Chambers, Mulgara Street, Australind on Thursday 22 February 2018 at 4:00pm.

Signed:
Tony Battersby
Chief Executive Officer
(Date of Issue: 16 February 2018)

AGENDA

Note: The recommendations contained in this document are not final and are subject to adoption, amendment (or otherwise) at the meeting.

Council Members:	**Representing**
Cr Murray Cook **(Chairperson)**	City of Bunbury
Cr Anita Shortland **(Deputy Chairperson)**	Shire of Harvey
Cr Betty McCleary	City of Bunbury
Cr James Hayward	City of Bunbury
Cr Peter Monagle	Shire of Harvey
Executive Leadership Team (Non-Voting)	**Representing**
Mr Tony Battersby	Chief Executive Officer (BHRC)
Mr Michael Parker	Chief Executive Officer (Shire of Harvey)
Mr Mal Osborne	Acting Chief Executive Officer (City of Bunbury)
Officers (Non-Voting)	**Representing**
Mr Gavin Harris	Director Works and Services (City of Bunbury)
Chris Welham	Accountant
Miss Martinette Pieterse	Council Meeting Support Officer
Others(Non-Voting)	**Representing**

1. Declaration of Opening / Announcement of Visitors

The Presiding Member Declares Meeting open _____

2. Attendances

2.1 Apologies

3. Public Question Time

4. Summary of Response to previous Questions taken on notice

5. Applications for Leave of Absence

6. Confirmation of Minutes

The minutes of the Ordinary meeting of Council held on 21 December 2017, are confirmed as a true accurate record.

COUNCIL DECISION:

MOVED BY: _____ SECONDED BY: _____

RESULT: CARRIED / LOST _____

7. Petitions / Memorials / Presentations

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 ending 31 December 2017

Applicant / Proponent:	Internal			
Responsible Officer:	Chris Welham, Accountant			
Responsible Manager:	David Ransom, Manager Finance			
Executive:	Tony Battersby, Chief Executive Officer			
Authority / Discretion:	Advocacy	☒	Review	☐
	Executive/Strategic	☒	Quasi-Judicial	☐
	Legislative	☒	Information Purposes	☐
Attachment(s):	**Attachment 1** – Financial Statements for Period Ending 31 December 2017 (Appendices 1 – 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 31 December 2017

	ACTUAL	BUDGET	VARIANCE	
• Year-to-date Income	1,994,127	2,801,436	(807,309)	*Unfavourable*
• Year-to-date Expenditure	1,996,072	3,161,042	1,164,970	*Favourable*
• Year-to-date Operating Surplus	(1,945)	(359,606)	357,661	*Favourable*

2. Statement of Financial Activity **(attached at Appendix 3)**
   Closing Funding Surplus to 30 June 2018 is forecast at $284K, $88K higher than the current budgeted surplus mainly due to insurance reimbursements received and savings in capital purchases.

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

	ACTUAL	BUDGET	VARIANCE	
• Year-to-date Capital Expenditure	641,574	687,672	46,098	*Favourable*

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

• **Current Assets of $6,707,697 includes:**	Year-to-date	Forecast
o Cash and Cash Equivalents	66,222,989	4,340,937
o Trade and Other Receivables	478,235	300,000
o Prepayments	5,361	-
o Inventories	1,112	2,000

Current Liabilities of $473,463 includes:		
o Trade and Other Payables	240,898	209,569
o Provisions	232,565	179,882

• Working Capital **(Current Assets *less* Current Liabilities)** is:	6,234,234	4,253,486
• Equity **(Total Assets *less* Total Liabilities)** is	10,741,186	13,349,914
Reserves of $4,769,025 includes:		
o Plant and Infrastructure Reserve	215,487	833,289
o Site Post Closure Rehabilitation Reserve	2,700,328	2,249,483
o Waste Minimisation Reserve	259,037	354,385
o Stanley Road Lined Cell Construction Reserve	547,748	555,018
o Organics Processing Reserve	1,046,425	28,747

5. Investments

Total of $6,085,846 includes:			
	Invested Funds $	**% of Total Funds**	**Max % of Total Funds Allowed**
o Bankwest	680,017	11	50
o Commonwealth Bank	1,057,230	18	75
o National Australia Bank	2,200,440	36	75
o Westpac	2,148,159	35	75
TOTAL:	**6,085,846**	**100**	

Funds which are not required for payment of creditors are invested as interest bearing Term Deposits for 1 to 3 months. Quotations are obtained to ensure the best interest rate is received. Interest earnings are shown in the financial statements.

Executive Recommendation

That Council:

Receive and accept the Financial Statements for period ending 31 December 2017 as presented to Council.

COUNCIL DECISION:

MOVED BY: _____ SECONDED BY: _____

RESULT: CARRIED / LOST _____

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 Regulations 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 27 July 2017, 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 2017/18.

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 Unfavourable year-to-date budget variance due to: (a)	($487,105)

seasonal effect of winter weather (b) deferment of sourcing of waste from the Perth metropolitan area pending DER approvals for site rehabilitation and new lined cells at Stanley Road.	(42%)
Disposal – City of Bunbury Unfavourable compared to budget City of Bunbury disposals are expected to reduce in line with year-to date actuals. Annual tonnage is projected to reduce by 950 tonnes compared the previous financial year.	($25,412) (10%)
Cardboard/Plastic Recycling The purchase of the new shredder has increased capacity and the amount of cardboard available for sale.	$18,769 469%
Banksia Road Organics Tipping fees Roadside collections are unfavourable compared to budget. his amount is partly offset by savings in Organics Expenditure as detailed below	($25,654) (14%)
Interest Earnings	
Interest Earnings Unfavourable year-to-date budget variance due to the non-payment of the doubtful debt relating to Aurigen Group. This reduced municipal funds available to earn interest and extra funds belonging to P&I Reserve were held in on call funds for cash flow requirements at a lower rate of interest for approximately 3 months.	($17,076) (18%)
Other Revenue	
Insurance Reimbursements Favourable year-to-date budget variance due to reimbursement of ongoing workers compensation payments. A forecast adjustment has been made and will be included in the February Budget Review.	$33,581 1,342%
Landfill Levy Income Unfavourable year-to-date budget variance due to: (a) seasonal effect of winter weather (b) deferment of sourcing of waste from the Perth metropolitan area pending DER approvals for site rehabilitation and new lined cells at Stanley Road.	($301,644) (67%)
Operating Expenditure	
Employee Costs	
Earthworks Operations employee costs are unfavourable compared to budget. However due to savings in administration and waste education salaries the total overall employee costs are within budget tolerances (6%)**.**	($15,170) (10%)
Materials and Contracts	
Organics Expenditure There have been savings compared to budget in proportion to the reduction in tipping volumes (see comment on Organics tipping fees under Fees and Charges above).	$17,011 18%
Earthworks Operations Favourable year-to-date budget variance due to savings in repairs and maintenance of plant.	$29,810 26%
Site Rehabilitation Favourable year-to-date budget variance due to deferment of works in anticipation of DER approvals for the Gabion Wall and associated works.	$791,658 84%
Depreciation	
Vehicles, Plant and Equipment Savings have been realised compared to budget due to later than expected purchase of large items of plant and vehicles	$97,126 32%
Other Expenditure	
Landfill Levy Favourable year-to-date budget variance mainly due to: (a) seasonal effect of winter weather (b) deferment of sourcing of waste from the Perth metropolitan area pending DER approvals for site rehabilitation and new lined cells at Stanley Road.	$277,512 67%

Statement of Financial Activity	YTD Actual to YTD Budget Variance
Operating Revenues by Nature and Type **Insurance Reimbursements**	
Fees and Charges Unfavourable variance. See explanation above included in the Statement of Comprehensive Income variances.	($537,191) (25%)
Interest Earnings Unfavourable variance. See explanation above included in the Statement of Comprehensive Income variances.	($17,076) (18%)
Other Revenue Unfavourable variance. See explanation above included in the Statement of Comprehensive Income variances.	($267,365) (54%)
Operating Expenses by Nature and Type	
Materials and Contracts Favourable variance. See explanation above included in the Statement of Comprehensive Income variances.	$831,350 59%
Other Expenditure Favourable variance. See explanation above included in the Statement of Comprehensive Income variances.	$285,431 52%
Depreciation Favourable variance. See explanation above included in the Statement of Comprehensive Income variances.	$100,360 30%

11.2 Financial Statements for the period ending 31 January 2018

Applicant / Proponent:	Internal			
Responsible Officer:	Chris Welham, Accountant			
Responsible Manager:	David Ransom, Manager Finance			
Executive:	Tony Battersby, Chief Executive Officer			
Authority / Discretion:	Advocacy	☒	Review	☐
	Executive/Strategic	☒	Quasi-Judicial	☐
	Legislative	☒	Information Purposes	☐
Attachment(s):	**Attachment 2** – Financial Statements for Period Ending 31 January 2018 (Appendices 1 – 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 31 January 2018

	ACTUAL	BUDGET	VARIANCE	
• Year-to-date Income	2,288,810	3,268,342	(979,532)	*Unfavourable*
• Year-to-date Expenditure	2,279,093	3,732,951	1,456,858	*Favourable*
• Year-to-date Operating Surplus	12,717	(464,609)	477,326	*Favourable*

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

Closing Funding Surplus/Deficit) to 30 June 2018 is forecast at $128K, $67K lower than the original budgeted surplus as detailed in the February Budget review.

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

	ACTUAL	BUDGET	VARIANCE	
• Year-to-date Capital Expenditure	641,574	687,672	46,098	*Favourable*

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

• **Current Assets of $6,764,369 includes:**	Year-to-date	Forecast
o Cash and Cash Equivalents	6,364,972	5,174,818
o Trade and Other Receivables	392,924	300,000
o Prepayments	5,361	-
o Inventories	1,112	2,000

Current Liabilities of $473,886 includes:		
o Trade and Other Payables	256,381	209,569
o Provisions	217,505	179,882

• Working Capital **(Current Assets *less* Current Liabilities)** is:	6.290.483	5,087,367
• Equity **(Total Assets *less* Total Liabilities)** is	10,755,848	11,311,071
Reserves of $4,770,738 includes:		
o Plant and Infrastructure Reserve	215,655	809,408
o Site Post Closure Rehabilitation Reserve	2,701,001	1,388,483
o Waste Minimisation Reserve	259,598	368,385
o Stanley Road Lined Cell Construction Reserve	548,059	555,018
o Organics Processing Reserve	1,046,425	28,747

5. Investments

Total of $6,238,978 includes:			
	Invested Funds $	**% of Total Funds**	**Max % of Total Funds Allowed**
o Bankwest	681,241	11	50
o Commonwealth Bank	1,208,577	19	75
o National Australia Bank	2,340,260	38	75
o Westpac	2,008,900	32	75
TOTAL:	**6,238,978**	**100**	

Funds which are not required for payment of creditors are invested as interest bearing Term Deposits for 1 to 3 months. Quotations are obtained to ensure the best interest rate is received. Interest earnings are shown in the financial statements.

Executive Recommendation

That Council:

Receive and accept the Financial Statements for period ending 31 January 2018 as presented to Council.

COUNCIL DECISION:

MOVED BY: _____ SECONDED BY: _____

RESULT: CARRIED / LOST _____

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 Regulations 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 27 July 2017, 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 2017/18.

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 Unfavourable year-to-date budget variance due to deferment of sourcing of waste from the Perth metropolitan area pending DWER approvals for site rehabilitation and new lined cells at Stanley Road.	($565,910) (42%)
Cardboard/Plastic Recycling The purchase of the new shredder has increased capacity and the amount of cardboard available for sale.	$21,480 460%
Banksia Road Organics Tipping fees Tonnages are unfavourable compared to budget. This amount is partly offset by savings in Organics Expenditure as detailed below. Green waste has been diverted from Banksia Road to Stanley Road and is included in Casual Tipping Fees income. The effect of this is estimated at $20,000.	($27,480) (13%)

Interest Earnings	
Interest Earnings Unfavourable year-to-date budget variance due to the non-payment of the doubtful debt relating to Aurigen Group. This reduced municipal funds available to earn interest and extra funds belonging to P&I Reserve were held in on call funds for cash flow requirements at a lower rate of interest for approximately 3 months.	($20,633) (19%)
Other Revenue	
Insurance Reimbursements Favourable year-to-date budget variance due to reimbursement of ongoing workers compensation payments. A forecast adjustment has been made and has been included in the February Budget Review.	$33,164 1,136%
Landfill Levy Income Unfavourable year-to-date budget variance due to: (a) seasonal effect of winter weather (b) deferment of sourcing of waste from the Perth metropolitan area pending DWER approvals for site rehabilitation and new lined cells at Stanley Road.	($370,361) (71%)
Operating Expenditure	
Materials and Contracts	
Organics Expenditure There have been savings compared to budget in proportion to the reduction in tipping volumes (see comment on Organics tipping fees under Fees and Charges above).	$22,503 25%
Earthworks Operations Favourable year-to-date budget variance due to savings in repairs and maintenance of plant.	$38,005 29%
Site Rehabilitation Favourable year-to-date budget variance due to deferment of works in anticipation of DWER approvals for the Gabion Wall and associated works.	$1,002,315 86%
Depreciation	
Vehicles, Plant and Equipment Savings have been realised compared to budget due to later than expected purchase of large items of plant and vehicles	$111,659 32%
Other Expenditure	
Landfill Levy Favourable year-to-date budget variance mainly due to: (a) seasonal effect of winter weather (b) deferment of sourcing of waste from the Perth metropolitan area pending DER approvals for site rehabilitation and new lined cells at Stanley Road.	$304,312 63%

Statement of Financial Activity	**YTD Actual to YTD Budget Variance**
Operating Revenues by Nature and Type **Insurance Reimbursements**	
Fees and Charges Unfavourable variance. See explanation above included in the Statement of Comprehensive Income variances.	($630,436) (25%)
Interest Earnings Unfavourable variance. See explanation above included in the Statement of Comprehensive Income variances.	($20,633) (19%)
Other Revenue Unfavourable variance. See explanation above included in the Statement of Comprehensive Income variances.	($342,915) (60%)
Operating Expenses by Nature and Type	
Materials and Contracts Favourable variance. See explanation above included in the Statement of Comprehensive Income variances.	$1,072,695 63%
Other Expenditure Favourable variance. See explanation above included in the Statement of Comprehensive Income variances.	$314,847 49%

Depreciation Favourable variance. See explanation above included in the Statement of Comprehensive Income variances.	$115,433 29%

11.3 Summary of Accounts paid for period ending 31 December 2017

Applicant / Proponent:	Internal			
Responsible Officer:	Chris Welham, Accountant			
Responsible Manager:	David Ransom, Manager Finance			
Executive:	Tony Battersby, Chief Executive Officer			
Authority / Discretion:	Advocacy	☒	Review	☐
	Executive/Strategic	☒	Quasi-Judicial	☐
	Legislative	☒	Information Purposes	☐
Attachment(s):	**Attachment 3** - Summary of Accounts paid for period ending 31 December 2017			

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 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 31 December 2017

Officer Recommendation

That Council:

Receive and accept the Summary of Accounts paid for period ending 31 December 2017 as presented to Council.

COUNCIL DECISION:

MOVED BY: _____ SECONDED BY: _____

RESULT: CARRIED / LOST _____

Background

As noted in Summary.

Officer Comment

The attachment details all payments made for 31 December 2017

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, computation and costing(s). Sufficient allocations are contained within the 2017/2018 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

11.4 Summary of Accounts paid for period ending 31 January 2018

Applicant / Proponent:	Internal			
Responsible Officer:	Chris Welham, Accountant			
Responsible Manager:	David Ransom, Manager Finance			
Executive:	Tony Battersby, Chief Executive Officer			
Authority / Discretion:	Advocacy	☒	Review	☐
	Executive/Strategic	☒	Quasi-Judicial	☐
	Legislative	☒	Information Purposes	☐
Attachment(s):	**Attachment 4** - Summary of Accounts paid for period ending 31 January 2018			

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 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 31 January 2018

Officer Recommendation
That Council:
Receive and accept the Summary of Accounts paid for period ending 31 January 2018 as presented to Council.

COUNCIL DECISION:

MOVED BY: _____ SECONDED BY: _____

RESULT: CARRIED / LOST _____

Background
As noted in Summary.

Officer Comment
The attachment details all payments made for 31 January 2018

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, computation and costing(s). Sufficient allocations are contained within the 2017/2018 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

11.5 Budget Review 2017/2018

Applicant / Proponent:	Internal			
Responsible Officer:	Chris Welham, Accountant			
Responsible Manager:	David Ransom, Manager Finance			
Executive:	Tony Battersby, Chief Executive Officer			
Authority / Discretion:	Advocacy	☒	Review	☒
	Executive/Strategic	☒	Quasi-Judicial	☐
	Legislative	☒	Information Purposes	☐
Attachment(s):	Budget Review 2017/2018 - Appendices 1 to 6 (included in the Appendices Financial Statements for the Period Ending 31 January 2018)			

Purpose
To consider and adopt the Budget Review as presented in the Statement of Financial Activity for the period 1 July 2017 to 31 January 2018.

Officer Recommendation

That Council:

That Council adopt the budget review with the following variations for the period 1 July 2017 to 31 January 2018 and amend the budget accordingly:

	$
Current Adopted Budgeted Closing Funds	
Variance between actual and budgeted opening funds	($2,993)
Operating Income	
Increase in Waste Education Contributions	$11,371
Decrease in Casual Tipping Fees	($954,213)
Increase in Sales of Scrap Metal	$10,003
Decrease in City of Bunbury Disposals	($50,825)
Decrease in Shire of Harvey Disposals	($26,055)
Increase in Shire of Harvey Tip Passes Revenue	$15,941
Increase in Cardboard/Plastic Recycling Revenue	$31,031
Decrease in Banksia Road Organics Fees	($20,000)
Decrease in Waste Minimisation Income	($17,605)
Decrease in Interest Earnings	($20,000)
Increase in Insurance Reimbursements	$35,000
Increase in Parental Leave Reimbursements	$4,308
Decrease in Contributions to e-Waste Disposal	($6,001)
Decrease in Landfill Levy income	($710,001)
Increase in Bad Debts Recovered	$450
Operating Expenditure	
Increase in General Employee Costs	($5,304)
Increase in Waste Education Employee Costs	($85,951)
Decrease in Site Rehabilitation Employee Costs	47,820
Increase in Telephone Costs	($4,960)
Increase in Waste Education Advertising Expenses	($11,371)
Savings in Site Rehabilitation Materials and Contracts Costs	$158,000
Savings in depreciation costs.	$160,414
Savings in landfill levy costs	$653,200
Increase in Landfill Licence costs	($4,024)
Capital Expenditure	
Savings in cost of Stanley Road Infrastructure	$3,000,000
Savings in purchase of CEO vehicle	$9,512
Savings in purchase of Shredder	$14,000
Savings in cost of Electronic GPS Landfill Management System	$32,100
Extra cost of Verandas on Gatehouse/Amenities Building	($7,500)
Extra Cost of Telehandler replacement	($7,574)
Stanley Road Infrastructure Preliminary Works	($7,400)
Capital Revenue	
Reduction in State Grant Funding	($3,000,000)
Reduction in trade-in amount for CEO vehicle	($11,819)
Reduction in trade-in amount for Telehandler	($7,000)
Sale of miscellaneous assets	**$**136
Transfers to Reserve	

Decrease in transfers to Site Post Closure Rehabilitation Reserve	$861,000
Decrease in transfers to Plant & Infrastructure reserve	$7,000
Transfers from Reserve	
Decrease in transfers from Waste Minimisation Reserve	($14,000)
Increase in transfers from Plant and Infrastructure Reserve	$16,881
Add Non-Cash Items	($160,414)
Decrease in Budget surplus closing Funds as at 30 June 2018	**($66,843)**

COUNCIL DECISION:

MOVED BY: _____ SECONDED BY: _____

RESULT: CARRIED / LOST _____

Background

A Statement of Financial Activity incorporating year to date budget variations and forecasts to 30 June 2018 for the period ending 31 January 2018 is presented for Council to consider. The *Local Government (Financial Management) Regulations 1996,* regulation 33A as amended, requires that local governments conduct a budget review between 1 January and 31 March in each financial year. A copy of the review and determination is to be provided to the Department of Local Government within 30 days of the adoption of the review.

Details

The budget review has been prepared to include information required by the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards. The review will increase the Operating Deficit from $620,363 to $1,389,134, an increase of $768,772. This is mainly due to a decrease in Casual Tipping Fees of $954K and savings in both Site Rehabilitation Costs ($158K) and Depreciation Expenses ($160K).

This increase in the deficit has been offset by a reduction in Transfers to Reserve of $870K and capital expenditure decreasing by $3,033,138, mainly due to the withdrawal of State Grant monies budgeted to be used for Stanley Road Infrastructure ($3M).

As a result of the above changes the budgeted closing funds as at 30 June 2018 will decrease from a surplus of $195,565 to a surplus of $128,722, a decrease of $66,843.

The following supporting documents are attached for the period ending 31 January 2018:

- 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)
- Balance Sheet Summary (**attached** at Appendix 5)
- Statement of Net Current Assets (**attached** at Appendix 6)

Features of the budget review include:

	$
Current Adopted Budgeted Closing Funds	
Variance between actual and budgeted opening funds	**($2,993)**
Budget Review Changes:	
Operating Income	$
Contributions	
Waste Education Contributions This Revenue has been increased by the Recycled Art Competition grant ($4,100) and Funding from the Keep Australia Beautiful Council ($7,271).	$11,371
Fees and Charges	
Casual Tipping Fees Reduction in Casual tipping revenue due to the deferment of sourcing waste from the Perth metropolitan area pending DWER approvals for site rehabilitation and new lined cells at Stanley Road.	($954,213)
Sale of Scrap Metal Sales of scrap metal is expected to increase due to an increase in the market price.	$10,003
Disposal – City of Bunbury City of Bunbury disposals are expected to reduce in line with year-to date actuals. Annual tonnage is projected to reduce by 950 tonnes compared the previous financial year.	($50,825)
Disposal – Shire of Harvey Shire of Harvey disposals are expected to reduce in line with year-to date actuals. Annual tonnage is projected to reduce by 450 tonnes compared the previous financial year.	($26,055)
Shire of Harvey Tip Passes There has been an increase in the number of residents utilising their tip passes.	$15,941
Cardboard/Plastic Recycling: Cardboard quantities received have increased since the purchase of the new Shredder.	$31,031
Banksia Road Organics Tipping Fees Banksia Road tipping fee income is expected to reduce due to green waste is being diverted to Stanley Road.	($20,000)
Waste Minimisation Income is expected to decrease in line with the decrease in co-mingled waste tonnages through casual tipping fees.	($17,605)
Interest Earnings	
Reduction of interest income due to the non-payment of the doubtful debt relating to Aurigen Group. This reduced municipal funds available to earn interest and extra funds belonging to P&I Reserve were held in on call funds for cash flow requirements at a lower rate of interest for approximately 3 months.	($20,000)
Other Revenue	
Insurance Reimbursements. Reimbursements are above budget mainly due to workers compensation reimbursements from the Municipal Workcare Scheme**.**	$35,000
Parental Leave Reimbursements This amount is the actual amount received in July this year to reimburse parental leave paid out.	$4,308
Contributions to e-Waste Disposal. Funding is no longer available.	($6,001)
Landfill Levy Income Reduced income due to deferment of sourcing waste from the Perth metropolitan area pending DWER approvals for site rehabilitation and new lined cells at Stanley Road.	($710,001)

Bad Debts Recovered This amount was received from a debtor whose account had previously been written off.	$450
Operating Expenditure	$
Employee Costs	
Employee Costs General Increase in uniform costs for new and existing staff	($5,304)
Waste Education Employee Costs This amount is a reallocation of the original budget from Site Rehabilitation Employee Costs	($85,951)
Site Rehabilitation Employee Costs This amount is a reallocation of the original budget to Site Rehabilitation Employee Costs ($85,951) less an increase in rehabilitation wages of $38,131.	$47,820
Materials and Contracts	
Administration Office Expenses Telephone costs has increased this year because the new phone system is now independent from the City of Bunbury's system, reducing the economies of scale.	($4,960)
Waste Education Office Expenses The advertising budget has been increased to spend the Recycled Art Competition grant ($4,100) and Funding from the Keep Australia Beautiful Council ($7,272)	($11,371)
Site Rehabilitation Costs Site Rehabilitation Costs have reduced due to a saving in the tender for the Gabion Wall and associated works.	$158,000
Depreciation Reduction in depreciation following Plant & Equipment revaluations 2016/17 and timing of upgrade/purchase of new capital items	$160,414
Other Expenditure	
Landfill Levy Paid This saving is in line with the decrease in waste being received from the Perth metropolitan area (see notes on Landfill Levy Income and Casual Tipping Fees above). This cost is fully recovered from customers.	$653,200
Stanley Road Landfill Licence The DWER has increased this cost in line with the approved increase in tonnages from 50K to 100K per year.	($4,024)
Capital Expenditure	
Savings in cost of Stanley Road Infrastructure (grant revenue not available)	$3,000,000
Savings in purchase of CEO vehicle	$9,512
Savings in purchase of Shredder	$14,000
Savings in cost of Electronic GPS Landfill Management System	$32,100
Extra cost of Verandas on Gatehouse/Amenities Building	($7,500)
Extra Cost of Telehandler replacement	($7,574)
Stanley Road Infrastructure Preliminary Works	($7,400)
Capital Revenue	
Grant Funding – State Grant now unavailable	($3000,000)
Reduction in trade-in amount for CEO vehicle	($11,819)
Reduction in trade-in amount for Telehandler	($7,000)
Sale of miscellaneous assets	$136
Total Movement in capital revenue and expenditure	**$14,455**
Transfers to or from Reserves	
Decrease in transfers to Site Post Closure Rehabilitation Reserve	$861,000
Decrease in transfers to Plant & Infrastructure Reserve	$7,000
Reduction in transfer from Waste Minimisation Reserve	($14,000)
Increase in transfers from Plant and Infrastructure Reserve	$16,881

Reconciling the above adjustments to the Statement of Financial Activity by nature and type:	
Deduct:	
Depreciation saving due to asset revaluations and timing/deferment of capital approvals.	($160,414)
Decrease in Budget surplus closing Funds as at 30 June 2018	**($66,843)**

Due to the adjustments above the closing funds have decreased by $66,843 from $195,565 to $128,722.

Consultation
Tony Battersby - Chief Executive Officer.

Statutory Environment
Regulation 33A of the *Local Government (Financial Management) Regulations 1996* requires:
(1) Between 1 January and 31 March in each year a local government is to carry out a review of its annual budget for that year.
(2) Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the council.
(3) A council is to consider a review submitted to it and is to determine* whether or not to adopt the review, any parts of the review or any recommendations made in the review.
**Absolute majority required.*
(4) Within 30 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.

Policy Implications
Nil

Financial Implications
Specific financial implications are as outlined in this report.

Voting Requirement
Absolute Majority required

Comment
The closing funds remain in surplus as a result of this budget review with a decrease of $66,843. Estimated closing surplus is now $128,722.

11.6 UPDATED – Purchasing Policy

Applicant / Proponent:	Internal			
Responsible Officer:	Tony Battersby, Chief Executive Officer			
Responsible Manager:	-			
Executive:	Tony Battersby, Chief Executive Officer			
Authority / Discretion:	Advocacy	☒	Review	☒
	Executive/Strategic	☒	Quasi-Judicial	☐
	Legislative	☒	Information Purposes	☐
Attachment(s):	**Attachment 5** – UPDATED Purchasing Policy			

Précis

Section 11A (1) of the Local Government (Functions and General) Regulations 1996 requires a local government to prepare or adopt and implement a purchasing policy in relation to contracts for other persons to supply goods or services where the consideration under the contract is , or is expected to be, $150,000 or less or worth $150,000 or less. This item is presented to Council to consider adoption of such a policy

Officer Recommendation

That Council:

That Council adopt the amended Purchasing Policy as detailed in attachment.

COUNCIL DECISION:

MOVED BY: _____ SECONDED BY: _____

RESULT: CARRIED / LOST _____

Background

On 16 August 2007 Council adopted the original Purchasing Policy; on 1 October 2015 tender provisions of the Local Government (Functions and General) Regulations 1996 were amended to raise the tendering threshold from $100,000 to $150,000. This was on the basis that local government would implement a policy to control procurement where the contract value is $150,000 or less.

On 17 December 2015 Council adopted an update to the original Purchasing Policy.

Officer Comment

Attachment contains an updated purchasing policy that complies with the provision of the Local Government (Functions and General) Regulations 1996 and provides flexibility, transparency and accountability in regard to procurement undertaken by the BHRC.

The following areas have been amended from the previous adopted Purchasing Policy:

- Update to Local Government Compliance Framework
- BHRC Code of Conduct
- Changes to Purchasing Thresholds
- Consideration of Whole of Life Costs
- Expression of Interest section added
- Emergency Purchases added
- Sustainability added
- Local Economic Benefits, Disability Enterprises and Aboriginal Businesses added
- Purchasing Non-Compliance added

Consultation

Nil

Financial Implications
The Policy should provide greater surety and less risk associated with procurement thereby minimising the Council's exposure to unforseen expenditure associated with procurement.

Statutory Environment
- Local Government (Functions and General) Regulations 1996 (The Regulations), (Codes of Practice);
- Public Sector Management Act 1994;
- Corruption, Crime and Misconduct Act 2003;
- State Records Act 2000;
- BHRC Policies and Procedures.

Strategic Implications
Nil

Policy Implication
As discussed in the body of the Report.

Voting Requirement
Simple Majority

11.7 Community Engagement Policy

Applicant / Proponent:	Internal			
Responsible Officer:	Tony Battersby, Chief Executive Officer			
Responsible Manager:	-			
Executive:	Tony Battersby, Chief Executive Officer			
Authority / Discretion:	Advocacy	☒	Review	☐
	Executive/Strategic	☒	Quasi-Judicial	☐
	Legislative	☒	Information Purposes	☐
Attachment(s):	**Attachment 6** – Community Engagement Policy			

Précis
Community Engagement is the process through which the community and stakeholders are informed about and/or invited to contribute, through consultation or involvement, to proposals or policy changes relating to BHRC services, strategic plans, issues and projects.

This policy sets out the guidelines and principles that need to be followed by Bunbury-Harvey Regional Council (BHRC) officers when engaging in community consultation.

Officer Recommendation
That Council:
Adopt the Community Engagement Policy as detailed in attachment.

COUNCIL DECISION:

MOVED BY: _____ SECONDED BY: _____

RESULT: CARRIED / LOST _____

Background
The BHRC has not previously adopted a Community Engagement Policy.

Consultation
Nil

Financial Implications
Nil

Statutory Environment
- Local Government Act 1995
- Local Government (Functions and General) Regulations 1996
- *DWER Identification, Reporting and Classification Of Contaminated Sites WA Guidelines*

Strategic Implications
Nil

Policy Implication
As explained in the body of the Report.

Voting Requirement
Simple Majority

12. Elected Member motions of which previous notice has been given

13. Urgent business approved by the person presiding or by decision of the Council

14. Confidential Business (Meeting Closed to the Public)

15. Next Meeting

To be held on Thursday, 22 March 2018 at the Shire of Harvey Council Chambers, Administration Building, 7 Mulgara Street, Australind, commencing at 4:00pm.

16. Close of Meeting

The Presiding Member declares meeting closed at _____