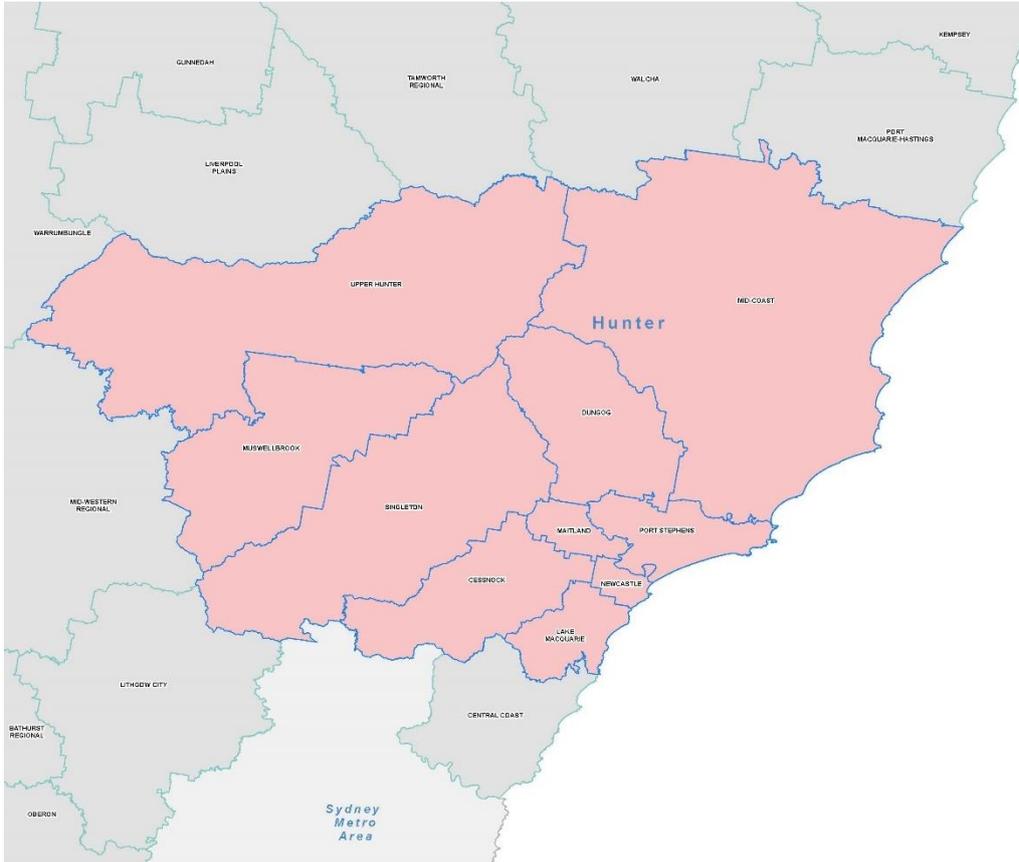


Hunter

Joint Organisation



Hunter Joint Organisation Board Meeting Papers

11:00am, Thursday 11 July 2019

The Board Room

(4 Sandringham Avenue, Thornton)

Agenda

1. Welcome and Apologies	3
2. Minutes of Previous Meeting.....	3
2.1 Minutes of Meeting 9 May 2019	3
2.2 Minutes of Meeting 6 June 2019	6
3. Confirmation of Minutes & Business Arising from Minutes	8
3.1 Business Arising: Action Register	8
4. Presentations	10
4.1 AGL Transition – Amer Hussein, Richard Bush.....	10
4.2 Introduction to Warrick Jordan – New Hunter Employment Facilitator, Australian Government Department of Employment, Skills, Small and Family Business	10
5. Correspondence.....	10
6. Reports.....	12
6.1 CEO Report.....	12
6.2 Financial Reports YTD May 2019	16
6.3 Re-Submission of Draft Joint Organisation Budget 2019-20	18
6.4 Inter-entity “Loan” Account between SSA & Joint Organisation.....	21
7. Matters Raised by Voting & Non-Voting Representatives.....	23
7.1 November Meeting of Hunter JO Board	23
7.2 Underground Petroleum Storage Systems Submission	23
7.3 Emergency Services Levy	23
8. General Business.....	26

Note. Attachments have been included at the end of the papers

1. Welcome and Apologies

2. Minutes of Previous Meeting

2.1 Minutes of Meeting 9 May 2019

Hunter Joint Organisation Board Meeting

Minutes of the 9 May 2019

The Board Room, 4 Sandringham Avenue, Thornton

1. WELCOME AND APOLOGIES

Voting Directors Present

Cr Bob Pynsent,	Cessnock City Council
Cr Tracy Norman,	Dungog Shire Council
Cr Kay Fraser,	Lake Macquarie City Council
Cr David West,	MidCoast Council
Cr Sue Moore,	Singleton Shire Council
Cr Ryan Palmer,	Port Stephens Council
Cr Wayne Bedggood,	Upper Hunter Shire Council
Cr Loretta Baker,	Maitland City Council
Cr Nuatali Nelmes,	Newcastle City Council

Non-Voting Directors Present

Coralie Nichols,	General Manager, Dungog Shire Council
Morven Cameron,	CEO, Lake Macquarie City Council
Adrian Panuccio,	General Manager, MidCoast Council
Fiona Plesman,	General Manager, Muswellbrook Shire Council
Jason Linnane,	General Manager, Singleton Council
Stephen Glen,	General Manager, Cessnock City Council
Steven Wills,	Regional Director, Dep't of Premier & Cabinet
Jeremy Bath,	CEO, Newcastle City Council
David Evans,	General Manager, Maitland City Council

Apologies

Cr Martin Rush,	Muswellbrook Shire Council
Wayne Wallis,	General Manager, Port Stephens Council
Steve McDonald,	General Manager, Upper Hunter Shire Council

Staff in attendance

Joe James, CEO, Hunter Joint Organisation

Graham Dean, Manager Finance & Administration, Strategic Services Australia
Annette Hubber, Manager, Screen Hunter, Strategic Services Australia
Steve Wilson, Director (acting), Environment Division, Strategic Services Australia
Peter Salafia, Manager, Regional Procurement, Strategic Services Australia

Observer

Virginia Errington, Office of Local Government

2. MINUTES OF BOARD MEETING 14 MARCH 2019
3. CONFIRMATION OF MINUTES & BUSINESS ARISING FROM PREVIOUS MEETINGS
- 3.1 Minutes of ordinary meeting held on 14 March 2019

RESOLUTION:

THAT the minutes as presented be adopted as a true and correct representation of the meeting.

Moved: Cr David West

Seconded: Cr Sue Moore

Carried.

4. DECLARATIONS OF INTEREST

No declarations of interest were declared.

5. PRESENTATIONS

Professor David Adamson, Knowledge Manager: Corporate for Compass Housing Services, provided a presentation on Compass Housing.

Nicola Johnstone, Program Leader of Marine Strategy Implementation for DPI Fisheries provided a presentation on the Marine Estate Management Strategy.

6. CORRESPONDENCE

The Board reviewed the correspondence included within the papers.

7. REPORTS

- 7.1 CEO Report

RESOLUTION:

THAT the report from the CEO be received and noted.

Moved: Cr Nuatali Nelmes

Seconded: Cr Kay Fraser

Carried.

- 7.2 Financial Reports YTD 31 March 2019

Mr Joe James gave a brief overview of the financial report and variances.

RESOLUTION:

THAT the profit and loss statement be received and noted.

Moved: Cr Wayne Bedggood

Seconded: Cr David West

Carried.

7.3 Draft Joint Organisation Budget 2019/20

RESOLUTION:

1. **THAT the Board endorse a ‘balanced budget’ approach to the 2019/20 and future budgets**
2. **THAT the Board support, in principle, exploration of and increased involvement and collaboration of the capability and capacity of member councils’ personnel in the governance and delivery of the Joint Organisation workflow for 2019/20**
3. **THAT the adoption of the 2019/20 budget be deferred and referred to the CEO and GMAC for further development and thorough consideration of:**
 - **Models for apportionment of member subscriptions;**
 - **Utilisation of procurement bonus rebates as a revenue stream for the Joint Organisation;**
 - **Funding opportunities for Joint Organisation projects (external spend) including project-based contribution from member councils.**
4. **The Board direct the CEO in consultation with GMAC to update the 2019/20 work plan to align with a recommended budget for consideration and adoption by the Board.**

Moved: Cr Tracey Norman

Seconded: Cr Kay Fraser

Carried.

8. UPDATED JOINT ORGANISATION CODE OF CONDUCT DOCUMENTS

RESOLUTION:

THAT the proposed Code of Conduct, the Code of Meeting Practice, and Procedures for the Administration of the Code of Conduct be endorsed and accepted

THAT the Hunter Joint Organisation complete a review of the panel of ‘conduct reviewers’ and provide a report back to the next meeting of the Board

Moved: Cr David West

Seconded: Cr Wayne Bedggood

Carried.

9. MATTERS RAISED BY VOTING & NON-VOTING REPRESENTATIVES

9.1 Hunter Economic Transition Report

RESOLUTION:

THAT the Hunter Joint Organisation note the update on the establishment of an Australian Foundation for Economic Transition and an Australian Transitions Academy

THAT the Hunter Joint Organisation invite Professor Richard Bush and AGL to provide a briefing to the Hunter Joint Organisation on progress.

Moved: Cr Sue Moore

Seconded: Cr Nuatali Nelmes

Carried.

10. GENERAL BUSINESS

Meeting closed 12.30pm

2.2 Minutes of Meeting 6 June 2019

Hunter Joint Organisation Extraordinary Board Meeting

Minutes of the 6 June 2019

Lord Mayor's Reception Room, Level 2, City Hall, Newcastle

1. WELCOME AND APOLOGIES

Voting Directors Present

Cr Bob Pynsent,	Cessnock City Council
Cr Tracy Norman,	Dungog Shire Council
Cr Kay Fraser,	Lake Macquarie City Council
Cr David West,	MidCoast Council
Cr Sue Moore,	Singleton Shire Council
Cr Ryan Palmer,	Port Stephens Council
Cr Wayne Bedggood,	Upper Hunter Shire Council
Cr Loretta Baker,	Maitland City Council
Cr Nuatali Nelmes,	Newcastle City Council

Non-Voting Directors Present

Coralie Nichols,	General Manager, Dungog Shire Council
Morven Cameron,	CEO, Lake Macquarie City Council
Adrian Panuccio,	General Manager, MidCoast Council
Fiona Plesman,	General Manager, Muswellbrook Shire Council
Stephen Glen,	General Manager, Cessnock City Council
Jeremy Bath,	CEO, Newcastle City Council
David Evans,	General Manager, Maitland City Council
Steve McDonald,	General Manager, Upper Hunter Shire Council

Apologies

Wayne Wallis, General Manager, Port Stephens Council
Jason Linnane, General Manager, Singleton Council
Cr Martin Rush, Muswellbrook Shire Council (Cr Rush was present via
videoconference for part of the meeting)
Steven Wills, Regional Director, Dep't of Premier & Cabinet

Staff in attendance

Joe James, CEO, Hunter Joint Organisation
Louisa Bulley, Executive Assistant, Hunter Joint Organisation (Secretariat)

Observer

Virginia Errington, Office of Local Government

RESOLUTION:

THAT the apologies be noted.

Moved: Cr Ryan Palmer

Seconded: Cr David West

Carried.

2. DECLARATIONS OF INTEREST

No declarations of interest were declared.

3. PRESENTATIONS

No presentations were given.

4. REPORTS

4.1 Hunter Joint Organisation Member Subscription Models 2019/20

Mr David Evans gave a brief overview of the report, and the recommendations provided from the meeting of the General Managers Advisory Committee of 22 May.

The Board discussed the report, and the three options presented for discussion and deliberation. Mayor Norman raised that recent meetings with the Parliamentary Secretary for the Hunter have indicated that a decision regarding funding from the State Government for Joint Organisations is imminent. The Board discussed that deliberation over member fees may be appropriate after this decision is made by the State Government.

Mr Joe James entered the meeting at 1.15pm.

Directors discussed the preferred funding model of each of their councils. The CEO noted that while funding may be provided by the State Government, which may balance the budget for 2019-20, a more sustainable funding model by member councils may need to be considered in the future.

The Board came to the below recommendation;

RESOLUTION:

THAT Option A in the report be adopted as the interim budget model for the 2019-20 financial year; using a fixed membership fee model of \$20,000 per council and assuming current membership rebates remain;

THAT, noting the previous resolution for a balanced budget, adopted at the Joint Organisation Board meeting of 9 May 2019, and noting the anticipated response from the NSW State Government on Joint Organisation funding, a six-month review of the 2019-20 budget be undertaken in January 2020, to ensure a balanced budget is delivered by the end of financial year.

Moved: Cr Sue Moore

Seconded: Cr Tracy Norman

Carried.

5. GENERAL BUSINESS

There was no general business.

Meeting closed 1.56pm

3. Confirmation of Minutes & Business Arising from Minutes

Recommendation:

- That the minutes of the previous meetings of 9 May 2019 and 6 June 2019, be adopted

3.1 Business Arising: Action Register

I.D	Action	Meeting	Status	Notes
HJO-18-001	That an update report on the Hunter Events Strategy be provided to a future meeting of the Board	9 Feb 18	Underway	The CEO will be providing a formal update on the Events Strategy at the next meeting of the Board at 12 September, after further assessment and review. It will also be a standard item in the CEO's report until definitive decisions are made by the board.
HJO-18-002	That a technical advisory group for Dry Recycling be formed with representation from LMCC, NCC, PSC, Hunter Resource Recovery and the Environment Division	9 Feb 18	Underway	The outcomes of the technical working group, including the Dry Recycling Options Report will now be integrated into the activities of the Circular Economy Working Group for discussion.
HJO-19-01	That the Hunter JO complete a review of the panel of 'conduct reviewers' and provide a report back to a future meeting of the Board	9 May 19	Underway	The CEO and EA are currently reviewing the list of panel members.
HJO-10-02	That the Hunter Joint Organisation invite Professor Richard Bush and AGL to provide a briefing to the	9 May 19	Complete	Amer Hussein (AGL) and Prof. Richard Bush are providing a

	Board on progress of economic transition			presentation to the HJO Board meeting of 11 July 19.
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4. Presentations

4.1 AGL Transition – Amer Hussein, Richard Bush

4.2 Introduction to Warrick Jordan – New Hunter Employment Facilitator, Australian Government Department of Employment, Skills, Small and Family Business

5. Correspondence

Report Author: Louisa Bulley, Executive Assistant to the CEO

Responsible Officer: Joe James, CEO

Executive Summary:

This report provides an update on correspondence sent and received in relation to GMAC and the Hunter Joint Organisation Board.

Correspondence Sent:

- Attachment 1: 29.05.19 Letter from Hunter JO Chair to Hon. Shelley Hancock

Mayor Bob Pynsent asked that a letter be drafted inviting Hon Shelley Hancock – newly appointment Minister for Local Government, inviting Ms Hancock to attend a future meeting of the Hunter Joint Organisation Board. Mayor Norman delivered the letter in person to Ms Hancock when meeting with her.

- Attachment 2: 04.06.19 Letter from Hunter JO Chair to Hon. John Barilaro

Mayor Bob Pynsent asked that a letter be drafted inviting Hon. John Barilaro – Deputy Premier, and Minister for Regional New South Wales, Industry and Trade, to attend a future meeting of the Hunter Joint Organisation Board.

- Attachment 3: 04.06.19 Letter from Hunter JO Chair to Mr Michael Johnsen

Mayor Bob Pynsent asked that a letter be drafted inviting Mr Michael Johnsen – Member for Upper Hunter, to attend a future meeting of the Hunter Joint Organisation Board. The Office of Michael Johnsen MP have responded, advising the Chair that Mr Johnsen is available to attend the Hunter JO Board Meeting of Thursday 12 September.

Correspondence Received:

- Attachment 4: 22.05.19 Letter received by CEO, Hunter JO from IPC

This letter was received on 22 May from the Information and Privacy Commission, regarding GIPA Act compliance obligations for Joint Organisation.

- Attachment 5: 11.06.19 Letter received by CEO - Hunter JO from Mr Stephen Wills

This letter was received on 11 June from Mr Stephen Wills - Director Hunter & Central Coast, Department of Premier and Cabinet, requesting funding for a temporary Hunter Cruise Industry Coordinator.

- Attachment 6: 14.06.2019 Letter received by Chair, Hunter JO from Gladys Berejiklian MP

This letter was received on 11 June from Mr Stephen Wills - Director Hunter & Central Coast, Department of Premier and Cabinet, requesting funding for a temporary Hunter Cruise Industry Coordinator.

- Attachment 7: 17.06.19 Letter received by CEO, Hunter JO from Mr Stephen Wills

This letter was received on 17 June from Mr Stephen Wills - Director Hunter & Central Coast, Department of Premier and Cabinet, providing approval of a grant to the Hunter Joint Organisation of \$13,715.13, to support the cost of an Upper Hunter Economic Diversification Expo. The signed Grant of Financial Assistance is attached, as signed by Mr Graham Dean.

- Attachment 8: 17.06.19 Letter received by CEO, Hunter JO from Mr Stephen Wills

This letter was received on 17 June from Mr Stephen Wills - Director Hunter & Central Coast, Department of Premier and Cabinet, providing approval of a grant to the Hunter Joint Organisation of \$18,435.00 to support the cost of an Upper Hunter Economic Diversification Web Portal. The signed Grant of Financial Assistance is attached, as signed by Mr Graham Dean.

- Attachment 9: 18.06.19 Letter received by CEO, Hunter JO from Mr Stephen Wills

This letter was received on 18 June from Mr Stephen Wills - Director Hunter & Central Coast, Department of Premier and Cabinet, providing approval of a grant to the Hunter Joint Organisation of \$30,000 to support the cost of a temporary Hunter Cruise Industry Coordinator. The signed Grant of Financial Assistance is attached, as signed by Mr Graham Dean.

RECOMMENDATION:

THAT the update report be received and noted.

6. Reports

6.1 CEO Report

Report Author: Joe James, CEO

Responsible Officer: Joe James, CEO

Executive Summary:

The purpose of this report is for the CEO to report to the Hunter Joint Organisation Board to provide progress updates on activity since the last board meeting.

Report:

Joint Organisation Standing Committees and Working Groups	
Greater Newcastle Metropolitan Plan Steering Committee	<p>The GNMP Steering Committee held their regular meeting on Thursday 6 June. The CEO was unable to attend.</p> <p>In respect of leading and championing industry engagement on the GNMP, the CEO and Anna Chubb, HCCDC, have had further discussion with Jim Bentley (former CEO of Hunter Water and now the Deputy Secretary, Water in the new Department of Planning, Industry and Environment). Jim remains committed to commencing the engagement process but will need to hand-over this process to another person given his new role. Jim is talking to his fellow co-joint professor, Kyle Loades, as</p>
Circular Economy Working Group	<p>This has progressed into the development of 3 related projects.</p> <ol style="list-style-type: none">1. Hunter Bio-Energy and Bio-product project – We have very recently commenced the investigation of a regional circular economy approach to the production of Bio-Energy and Bio-products from organics waste streams in the Hunter Region. It is a collaboration between the HJO, Hunter Water and the University of Newcastle (Centre For Balanced Land Use).2. Hunter Central Coast Material Flow Analysis project – Tenders have now closed for a consultant to quantify and map the waste streams (material flows) in the Hunter Region and develop an opportunities analysis. This project is a collaboration between OEH Sustainable Advantage and HJO.3. Circular economy eco-system project – Recently commenced, this project will identify the regional participants in the circular.

	The Joint Organisation is also collaborating, as part of the Upper Hunter Economic Diversification Working Group on the BioValley project (discussed below).
Potential Smart Region Working Group	A group of Council officers has convened to discuss shared interests in progressing a SMART Region approach. Recommendations as to opportunities and next steps will be circulated to GM's in the first instance.
Potential Councillor Training	A group of Council officers has convened to discuss shared interests in councillor training. Recommendations as to opportunities and next steps will be circulated to GM's in the first instance.
Potential Regional Destination Management	A meeting to discuss opportunities for shared action on Regional Destination Management will occur on 16 July.
Strategic Projects / Programs	
Intergovernmental Partnerships	<p>A meeting with Richard Wood, Executive Director, Cities and regional representatives (from HJO, DPC, HCCDC, Newcastle and Port Stephens) was held on 13 May. A short report will be separately circulated.</p> <p>The CEO recommends that a brief advocacy plan be agreed so that this work does not lose its momentum. The internal resources within the JO need to leverage the capacity of councils to give continued life to this program.</p>
Regional Events Strategy	<p>Review of stakeholders involved in the original work on the Strategy has commenced and meeting are being planned with to reconnect stakeholders with this process, and, if appropriate explore scope for partnerships, in the first instance, to build a 'coalition of the willing'.</p> <p>The Joint Organisation is not currently allocating sufficient resources to build momentum on this initiative unless it can quickly partner with other interested participants.</p> <p>An initial introductory meeting with Venues NSW has been organised.</p>
Standing Collaborations and stakeholder engagement	
Upper Hunter Economic Diversification Working Group	<p>The CEO met with the design team at Headjam on Wednesday 3 July to discuss the Upper Hunter Economic Diversification Web Portal that is being developed and which the Hunter Joint Organisation will host. Also in attendance were staff from DPC and the Department of Planning, with the participants helping to brainstorm on the audience and intent of the web portal.</p> <p>Correspondence regarding funding of the portal and promotion of it is included in the correspondence section of these papers.</p>

	As noted above, the Joint Organisation is collaborating with members of this group on the BioValley project. The first stage of this project is to investigate the establishment of a Bio-based Industry Cluster in the Upper Hunter, and provide recommendations on the next steps to realising this outcome.
Regional Leadership Executive (and sub-committees)	<ul style="list-style-type: none"> • The Regional Leadership Executive – Planning & Environment Sub-Committee met on Friday 7 June, with Steve Wilson, A/ Director Environment Division attending in the CEO’s stead. The meeting focused on updating the status of delivery of the Regional Leadership Statement Outcomes established for the Hunter Regional Plan, for those outcomes relevant to the Planning and Environment Subcommittee. • The Regional Leadership Executive – Economic Development Sub-Committee also met on Thursday 13th June, with Tim Askew, Regional Program Manager Environment Division, attending in the CEO’s stead.
Hunter Industry Roundtable	The CEO has a regular invite to the quarterly meeting of the Hunter Industry Round Table and will attend his first ‘roundtable’ on Friday 12 July.
Regional Transport Workshops	The CEO attended both the Central Coast and Hunter Regional Transport Workshops, run by Department of Premier and Cabinet on Monday 27 May. Both workshops focused on the Fast Rail Network Strategy in the Hunter region.
Advocacy / Collaboration / Stakeholder engagement since last board meeting	
Cruise industry working group	The CEO participated in the first of two sessions regarding the opportunity to pilot the seasonal regional marketing and tour offering direct to disembarking cruise customers. DPC has allocated \$30,000 in funding for this initiative and is looking for partners to activate this project.
Regional Transport Workshops	The CEO attended both the Central Coast and Hunter Regional Transport Workshops, run by Department of Premier and Cabinet on Monday 27 May. Both workshops focused on the Fast Rail Network Strategy in the Hunter region.
Committee for the Hunter	The CEO attended a Committee for the Hunter establishment priorities workshop on Monday 3 June 2019. The workshop functioned included a discussion of the next evolution of the Committee for the Hunter, its role and representation, as well as a discussion of the 2019 Hunter Region ‘Strategic Priorities’ emerging from the state and federal elections.
Local Strategic Planning Statements Land Community of Practice	Steve Wilson presented to the Community of Practice on behalf of the Hunter Joint Organisation on the benefits of council collaboration. An outcome of this has been that

operational staff of the HJO is exploring the opportunities through which it can assist councils in developing their LSPS and support future implementation.

Recommendation:

- **THAT the update report be received and noted.**

Report Author: Graham Dean, Administration & Finance Manager

Responsible Officer: Joe James, CEO

Executive Summary:

The Profit & Loss summary of the Hunter Joint Organisation for the year-to-date 31 May 2019 is included below.

Hunter Joint Organisation													Approved	
Profit & Loss Statement				May	May					YTD	YTD			Budget
1 July 18 to 31 May 19				Actual	Budget	Variance	%			Actual	Budget	Variance	%	2018/19
Income														
Joint Organisation Funding														
	NSW Gov't	JO Seed Funding		-	-	-				300,000	300,000	-	0%	300,000
	Subscriptions	JO Core Funding		-	-	-				200,000	200,000	-	0%	200,000
	SSA fee	to pursue strategic roles		37,083	37,083	-	0%			407,913	407,916	(3)	0%	445,000
	Legal Services fee	to pursue strategic roles		8,333	8,333	-	0%			91,663	91,663	-	0%	100,000
	Bank Interest		1	-	-	-				32	-	32		-
Total Income				45,416	45,416	-	0%			999,608	999,579	29	0%	1,045,000
Expenses														
General & Administrative														
	Admin & O'heads - Internal			5,052	5,052	-	0%			55,572	55,572	-	0%	60,624
	Audit & Assurance			-	-	-				-	4,000	(4,000)	-100%	4,000
	Insurance - PI & PL			-	-	-				1,451	3,500	(2,049)	-59%	3,500
	Miscellaneous			-	150	(150)	-100%			385	1,650	(1,265)	-77%	1,800
	Printing & Stationary			-	-	-				1,568	-	1,568		-
	Telephone - Landline & Fax			-	50	(50)	-100%			-	250	(250)	-100%	300
	Telephone - Mobile			36	300	(264)	-88%			36	1,500	(1,464)	-98%	1,800
	Website / Computing facilities			132	-	132				1,753	25,000	(23,247)	-93%	25,000
Employment														
	Salaries & Superannuation			23,693	40,937	(17,244)	-42%			219,093	316,243	(97,150)	-31%	357,180
	Recruitment			450	-	450				40,309	5,000	35,309	706%	5,000
	Fringe Benefits Tax			1,406	-	1,406				1,406	7,878	(6,472)	-82%	10,504
	Payroll Tax			-	2,231	(2,231)	-100%			-	17,235	(17,235)	-100%	19,466
	Workers' Compensation			-	205	(205)	-100%			2,921	1,581	1,340	85%	1,786
	Staff Amenities & Misc.			-	50	(50)	-100%			127	550	(423)	-77%	600
Board Meetings & Annual Conference														
	Catering , Venue & Accomodation			-	-	-				20,949	26,500	(5,551)	-21%	27,000
Buildings & Accommodation														
	Rent - SSA Admin - CEO office			450	1,650	(1,200)	-73%			4,950	10,950	(6,000)	-55%	12,600
	Rent - JO Boardroom			1,000	1,000	-	0%			11,000	11,000	-	0%	12,000
Direct Project Costs														
Funding Disbursement														
	- Environment Division - Contribution			-	-	-				85,000	85,000	-	0%	85,000
Future Funding Projects														
	- #1	Gtr Nc'tle Metrop Plan		-	-	-				67,885	100,000	(32,115)	-32%	100,000
	- #2	Hunter Major Events Strategy		-	-	-				93,532	100,000	(6,468)	-6%	100,000
	- #3	Vegetation M'ment DCP		-	-	-				10,000	100,000	(90,000)	-90%	100,000
	- #4	tbc		-	100,000	(100,000)	-100%			-	100,000	(100,000)	-100%	100,000
	HJO Strategic Plan													
	Consultants			-	-	-				5,775	-	-		-
Travel & Accommodation - JO Staff														
	Accommodation			119	250	(131)	-52%			1,322	1,250	72	6%	1,500
	Fares & Parking			1,562	50	1,512	3024%			3,477	250	3,227	1291%	300
	Meals/Sustenance			19	120	(101)	-84%			308	600	(292)	-49%	720
	Motor Vehicle Costs			686	350	336	96%			3,429	2,150	1,279	59%	2,700
Depreciation & Amortisation														
	IT equipment			50	-	50				50	-	50		
	Vehicles			928	750	178	24%			2,321	3,750	(1,429)	-38%	4,500
Finance														
	Bank Charges			17	25	(8)	-32%			304	275	29	11%	300
Total Expenses				35,600	153,170	(117,570)	-77%			634,923	981,684	(346,761)	-35%	1,038,180
Surplus / (Deficit)				9,816	(107,754)	117,570	-109%			364,685	17,895	346,790	1938%	6,820

Report Author: Graham Dean, Administration & Finance Manager

Responsible Officer: Joe James, CEO

Executive Summary:

Following discussions by the Hunter Joint Organisation Board at its last meeting, it is recommended that GMAC endorse the attached Draft Budget for approval by the Hunter JO Board at its next meeting of Thursday 11 July.

The Draft Budget includes;

- \$100k contribution from SSA towards the cost of HJO core funding,
- Member Council subscriptions (net) remain the same as 2018/19 - \$20k each, with a reduction for the smaller councils, also as per 2018/19,
- No HJO projects requiring a cash contribution scheduled - project funding to be considered on a case by case basis if, and when, they arise,
- Net loss for the year of **\$93,138**,
- Net cash shortfall for the year of **\$83,998**.
- The shortfalls to be funded, in part, by the anticipated unspent surplus from 2018/19. A budget review to be presented to the Board at its December meeting to further address potential shortfalls.

There has been no further formal communication regarding potential funding from the NSW State Government.

Please find the Draft Budget attached as Annexure B (below)

Recommendation:

- **That the 2019-20 Draft Budget for the Hunter Joint Organisation, as presented in these papers, be adopted on the proviso that a budget review process be undertaken by 31 Dec 19 with the view of re-submitting to this Board a Revised Budget forecasting a balanced result for year ended 30 June 20.**

6.3 Annexure B – Draft Hunter Joint Organisation Budget 2019-20

Hunter Joint Organisation Budget 2019/20		July '19	Aug '19	Sept '19	Oct '19	Nov '19	Dec '19	Jan '20	Feb '20	Mar '20	Apr '20	May '20	June '20	Total
Income														
Joint Organisation Funding														
NSW Gov't	JO Seed Funding	-	-	-	-	-	-	-	-	-	-	-	-	-
Subscriptions	JO Core Funding	164,867	-	-	-	-	-	-	-	-	-	-	-	164,867
SSA fee	to pursue strategic roles	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal Services fee	to pursue strategic roles	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,337	100,000
Total Income		173,200	8,333	8,337	264,867									
Expenses														
General & Administrative														
Admin & O'heads - Internal		5,142	5,142	5,142	5,142	5,142	5,142	5,142	5,142	5,142	5,142	5,142	5,142	61,705
Audit & Assurance		-	-	-	5,000	-	-	-	-	-	-	-	-	5,000
Insurance - PI & PL		5,000	-	-	-	-	-	-	-	-	-	-	-	5,000
Miscellaneous		150	150	150	150	150	150	150	150	150	150	150	150	1,800
Telephone - Landline & Fax		50	50	50	50	50	50	50	50	50	50	50	50	600
Telephone - Mobile		300	300	300	300	300	300	300	300	300	300	300	300	3,600
Website / Computer Facilities		252	252	252	252	252	252	252	252	252	252	252	252	3,024
Employment														
Salaries & Superannuation		28,189	28,189	28,189	42,284	28,189	28,189	28,471	28,471	42,707	28,471	28,471	28,471	368,291
Fringe Benefits Tax		-	-	2,995	-	-	2,995	-	-	2,995	-	-	2,995	11,980
Workers' Compensation		141	141	141	211	141	141	142	142	214	142	142	142	1,841
Staff Amenities & Misc.		50	50	50	50	50	50	50	50	50	50	50	50	600
Board Meetings & Conference														
Catering & Functions		500	500	500	500	500	500	500	6,500	500	500	500	500	12,000
Venue Hire		-	-	-	-	-	-	-	8,000	-	-	-	-	8,000
Communications and marketing														
		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Buildings & Accommodation														
Rent - SSA Admin - CEO office		1,757	1,757	1,757	1,757	1,757	1,757	1,757	1,757	1,757	1,757	1,757	1,757	21,084
Rent - JO Boardroom		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Direct Project Costs														
Funding Disbursement														
	- Environment Division - Contribution	85,000	-	-	-	-	-	-	-	-	-	-	-	85,000
Future Funding Projects														
	- #1	-	-	-	-	-	-	-	-	-	-	-	-	-
	- #2	-	-	-	-	-	-	-	-	-	-	-	-	-
	- #3	-	-	-	-	-	-	-	-	-	-	-	-	-
	- #4	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel & Accommodation														
Accommodation and travel		250	250	250	250	250	250	250	250	250	250	250	250	3,000
Fares & Parking		100	100	100	100	100	100	100	100	100	100	100	100	1,200
Meals/Sustenance		120	120	120	120	120	120	120	120	120	120	120	120	1,440
Motor Vehicle Costs		2,200	1,500	1,500	1,500	1,500	1,500	2,200	1,500	1,500	1,500	1,500	1,500	19,400
Training and Development														
		500	500	500	500	500	500	500	500	500	500	500	500	6,000
Depreciation & Amortisation														
Vehicles		928	928	928	928	928	928	928	928	928	928	928	928	11,136
Computer Hardware		167	167	167	167	167	167	167	167	167	167	167	167	2,004
Finance														
Bank Charges		25	25	25	25	25	25	25	25	25	25	25	25	300
Total Expenses		132,821	42,121	45,116	61,286	42,121	45,116	43,105	56,405	59,706	42,405	42,405	45,400	658,005
Surplus / (Deficit) on Operations		40,379	- 33,788	- 36,783	- 52,953	- 33,788	- 36,783	- 34,772	- 48,072	- 51,373	- 34,072	- 34,072	- 37,063	- 393,138
Brought Forward Unspent Funds from 2018/19		300,000	-	300,000										
Surplus / (Deficit)		340,379	- 33,788	- 36,783	- 52,953	- 33,788	- 36,783	- 34,772	- 48,072	- 51,373	- 34,072	- 34,072	- 37,063	- 93,138
Capital outlays														
	Computing equipment	4,000	-	-	-	-	-	-	-	-	-	-	-	4,000

Hunter Joint Organisation		July '19	Aug '19	Sept '19	Oct '19	Nov '19	Dec '19	Jan '20	Feb '20	Mar '20	Apr '20	May '20	June '20	Total
Budget 2019/20														
Projects (Environment Div'n & Screen Hunter)														
Brought Forward (DP&C)		100,800												100,800
Income														
Subscriptions	Environment Division	279,340	-	-	-	-	-	-	-	-	-	-	-	279,340
	Screen Hunter	150,056	-	-	-	-	-	-	-	-	-	-	-	150,056
Project Funding	Environment Division	153,561	431,892	40,550	-	-	25,300	-	-	-	245,250	-	-	896,553
	Screen Hunter	-	-	30,000	-	-	-	-	-	10,000	-	20,000	-	60,000
	Dept Premier & Cabinet	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Income		582,957	431,892	70,550	-	-	25,300	-	-	10,000	245,250	20,000	-	1,385,949
Expenses														
Funding Disbursement														
	Environment Division	432,901	431,892	40,550	-	-	25,300	-	-	-	245,250	-	-	1,175,893
	Screen Hunter	150,056	-	30,000	-	-	-	-	-	10,000	-	20,000	-	210,056
	Dept Premier & Cabinet	20,000	20,000	20,000	20,000	20,800	-	-	-	-	-	-	-	100,800
Total Expenses		602,957	451,892	90,550	20,000	20,800	25,300	-	-	10,000	245,250	20,000	-	1,486,749
Surplus / (Deficit)		80,800	- 20,000	- 20,000	- 20,000	- 20,800	-	-	-	-	-	-	-	-

Report Author: Graham Dean, Administration & Finance Manager

Responsible Officer: Joe James, CEO

Report:

It has been identified that a facility needs to be in place in the accounting records of *both Strategic Services Australia Limited and Hunter Joint Organisation*.

The facility is needed to: -

- **Efficiently manage inter-entity transactions without having to physically move cash between bank accounts**

Periodically, costs are incurred by one of the entities that are paid by the other. E.g. fuel cards. The Caltex account is held in the name of, and paid for by SSA. The vehicle owned by HJO has a fuel card attached to this account. HJO's usage of fuel at month end is charged back to HJO utilising the loan facility. There are numerous other instances where this loan facility is used.

Additionally, there are inter-entity charges that can be settled using the inter-entity loan account e.g. office space rent, admin charges, etc without cash needing to change hands.

- **Provide HJO access to the Westpac investment facility held in the name of SSA Ltd.**

Cash, surplus to short term needs, owned by HJO earns little or no interest sitting in its operating account. However, HJO does not, at this stage, hold sufficient surplus cash to establish an investment facility in its own right. Therefore, cash is moved from HJO to SSA in order to take advantage of the SSA cash management facility. The loan account is used for this purpose.

At any point in time, the balance of the loan account in one entity is exactly the same amount as the balance in the other entity, albeit one is a debit (monies owed to it), and the other a credit (monies owed by it).

Interest

SSA's cash management account is earning interest (currently 2.35%). It needs to be recognised that HJO should receive its fair proportion of interest earnings from this account. It also needs to be recognised that a certain amount of cash needs to be held on call to satisfy any immediate liquidity needs (earning nil%). It is recommended that whilst ever HJO has cash on deposit with SSA, that interest should be paid on a monthly basis, using the monthly average balance of the loan account at 2.15% (being 2.35% less an allowance of 0.2% for cash held at call).

Using the above method, interest owing by SSA to HJO for 12 months ended 30 June 2019 is \$4,596.44.

The Board of Strategic Services Australia has resolved the following recommendations, brought also to the Board of the Hunter Joint Organisation.

Recommendation:

- That the Boards of SSA and HJO approve the use of a “loan” account between the respective entities and the payment of interest be paid at the rate 0.2% less than the going rate in the cash management account (currently 2.35%), calculated on monthly average balance.
- Further, that the Board ratify the payment of interest for the year ended 30 June 2019 of \$4,596.44 by SSA in favour of HJO.

7. Matters Raised by Voting & Non-Voting Representatives

7.1 November Meeting of Hunter JO Board

Report Author: Joe James, CEO

Responsible Officer: Joe James, CEO

Report:

Following a recent meeting between Mayor Tracy Norman and Hon. Shelley Hancock, newly appointed Minister for Local Government (as mentioned above in Correspondence), Ms Hancock has invited the Hunter Joint Organisation to hold their November 2019 meeting at Parliament House in Sydney.

As the November meeting of the Board will be during a sitting week for NSW Parliament, this may present opportunities to network with other levels of government alongside the meeting of the Hunter Joint Organisation Board.

Recommendation:

- **That the invitation of the Minister be accepted.**

7.2 Underground Petroleum Storage Systems Submission

Report Author: Joe James, CEO

Responsible Officer: Joe James, CEO

Report:

At its meeting of 27 June 2019, the General Managers Advisory Committee discussed the plans for management of Underground Petroleum Storage Systems (UPSS) to be transferred from the Environment Protection Authority (EPA) to individual local councils. The GMAC recommended that this issue be referred to the HJO Board for further discussion.

The management of UPSS was discussed at the September 2018 meeting of the Board, at which the Board resolved to submit their concerns to the EPA. The Environment Division of the Hunter Joint Organisation submitted a second submission to the EPA on 17 June 2019, repeating these concerns.

A briefing was also convened in June 2019 by the Environment Division, facilitating EPA staff to brief council staff explaining the level of support and resources to be provided to councils in preparation for the regulatory transfer.

A copy of this submission can be found at Attachment 10.

7.3 Emergency Services Levy

Report Author: Tracy Norman, Mayor of Dungog Council

Report:

Each year, the NSW Government collects payments from councils and insurers to fund emergency services agencies in NSW, with councils required to pay 11.7% of the budget required by NSW Emergency Services. These charges are embedded in council rates and insurance premiums.

From 1 July 2019 the NSW Government plans to collect an additional \$160 million (in 2019/20) from NSW councils, communities and those paying insurance premiums to provide better workers' compensation coverage for volunteer and career firefighters who are diagnosed with one of 12 specific work-related cancers.

This is an important issue to support and fund, however, it is reasonable to question whether this represents a cost shift to Local Government for a matter that is the responsibility for the State Government.

Councils across the Hunter Region support career and volunteer firefighters in NSW – as it does all emergency services workers and volunteers. Indeed, a number of our staff and councillors are volunteers. However, at no point were any councils in NSW advised that they would be required to cover the cost via significant increases to the Emergency Services Levy.

Councils were sent bills with a letter from Revenue NSW in May 2019, advising NSW council contributions will increase by \$19 million in 2019/20. The letter also foreshadowed increases in the following year, but not the amount.

Under the circumstance, it would be a reasonable action for the Hunter Joint Organisation to seek that the NSW Government fund the first 12 months of this extra cost and work with local governments to ensure the implementation of the funding mechanism is fairer into the future.

Local Government NSW have also taken this issue up with the NSW Government and the recommendation outlined below mirrors their approach.

At the May 2019 Country Mayors Association meeting, this issue was also raised with a number of Council advising that they were not intending to pay the increase to the Emergency Services Levy. The Country Mayors Association resolved as follows: -

RESOLVED (a) That the Country Mayors Association supports the LGNSW campaign strongly and the State Government be requested to defer any RFS contribution increases for at least 12 months to allow for consultation and any future increases be shown on a separate line on the rate notice and not be included in the rate pegging formula

(b) That the Association write to the Premier requesting that the Department of Premier and Cabinet and the Independent Pricing and Regulatory Tribunal be directed to investigate the current Emergency Services arrangements in NSW including the efficiencies and effectiveness to be gained by such an investigation (Kempsey Shire Council / Yass Valley Council)

Recommendations

- 1. That the Hunter Joint Organisation notes that in December 2019, the NSW Government enacted laws to provide better workers compensation coverage for firefighters who are diagnosed with one of twelve specific work-related cancers**
- 2. That the Hunter Joint Organisation support this expanded workers compensation scheme;**

3. That the Hunter Joint Organisation notes that the NSW State Government has decided to implement the new scheme by charging local governments an increased Emergency Services Levy, without consultation;
4. That the expected increase in costs to local governments will be \$19m in the first year alone, and that there was little or no time provided to enshrine this charge in the preparation and public exhibition of Council's 2019/2020 budgets;
5. That the Hunter Joint Organisation requests that the NSW Government cover the initial additional \$19m increase to local governments for the first year;
6. That the Hunter Joint Organisation seek that the NSW State Government work with NSW local governments to redesign the funding mechanism for the scheme to ensure fairness into the future.
7. That the Hunter Joint Organisation join with Local Government NSW in writing to the NSW Premier and NSW Opposition Leader, NSW Minister for Customer Services, NSW Minister for Emergency Services, Minister for Local Government and Shadow Minister for Local Government, and local state member/s to:
 - 7.1. explain how this sudden increase will impact council services / the local community of member councils;
 - 7.2. highlight that councils were not warned of the increased cost until May 2019, despite the new laws being passed in November 2018
 - 7.3. advise that the poor planning and implementation of the increase is inconsistent with the Government's commitment to work in partnership with the sector
 - 7.4. requests that the NSW Government cover the initial additional \$19m increase to local governments for the first year

7.4 Economic Transition

Report Author: Martin Rush – Mayor, Muswellbrook Council

Please find below some draft motions provided by Mayor Rush, for your consideration, in advance of tomorrow's board meeting.

The motions relate to and arise out of the presentations to be given by Amer Hussein (AGL) and Richard Bush (University of Newcastle) regarding economic transition.

Draft motions

That the Hunter Joint Organisation:

- 1) *continues to prioritise a resilient and diversified economy;*
- 2) *acknowledges that Regional economic transition is underway and that transitions are best managed by early planning and by building strong and coordinated partnerships;*
- 3) *notes and supports the establishment of an Australian Transitions Academy to be launched in the Hunter;*
- 4) *gives in-principle support to initiating a National Foundation for Economic Transition in partnership with identified and other Regional stakeholders;*
- 5) *seeks advice from the Chief Executive on a governance framework, likely budget, the quantum and likelihood of financial support from identified and other stakeholders, and opportunities for*

providing support – including in-kind support – for establishing a National Foundation for Economic Transition;

- 6) *establishes a Standing Committee on Regional Economic Transition (the Committee). Such Committee to have the function of;*
 - (a) providing a standing forum for engagement with key Regional stakeholders and the State and Federal governments on Regional transition,*
 - (b) mapping the Region’s transition ecosystem and identifying gaps and opportunities for further collaboration and partnership,*
 - (c) providing a working group for the establishment of a National Foundation for Economic Transition;*
 - (d) making such recommendations concerning Regional transition as it considers appropriate; and*
 - (e) exploring opportunities for external grant funding or other in-kind or other support.*
- 7) *That for the purposes of such Committee,*
 - (a) The Committee be constituted by a representative from each Member Council provided that an intention to nominate for a position be received by the Chief Executive by no later than 5:00pm 18 July,*
 - (b) The Chair of the Committee be the nominee, from time to time, of the Chair of the Hunter Joint Organisation or as otherwise determined by the Hunter Joint Organisation (whichever applying),*
 - (c) The Committee meet at such times and at such places as it may determine, and*
 - (d) The Committee may invite such persons to participate in its processes as it may determine most efficiently and effectively allows it to discharge its functions.*

8. General Business
