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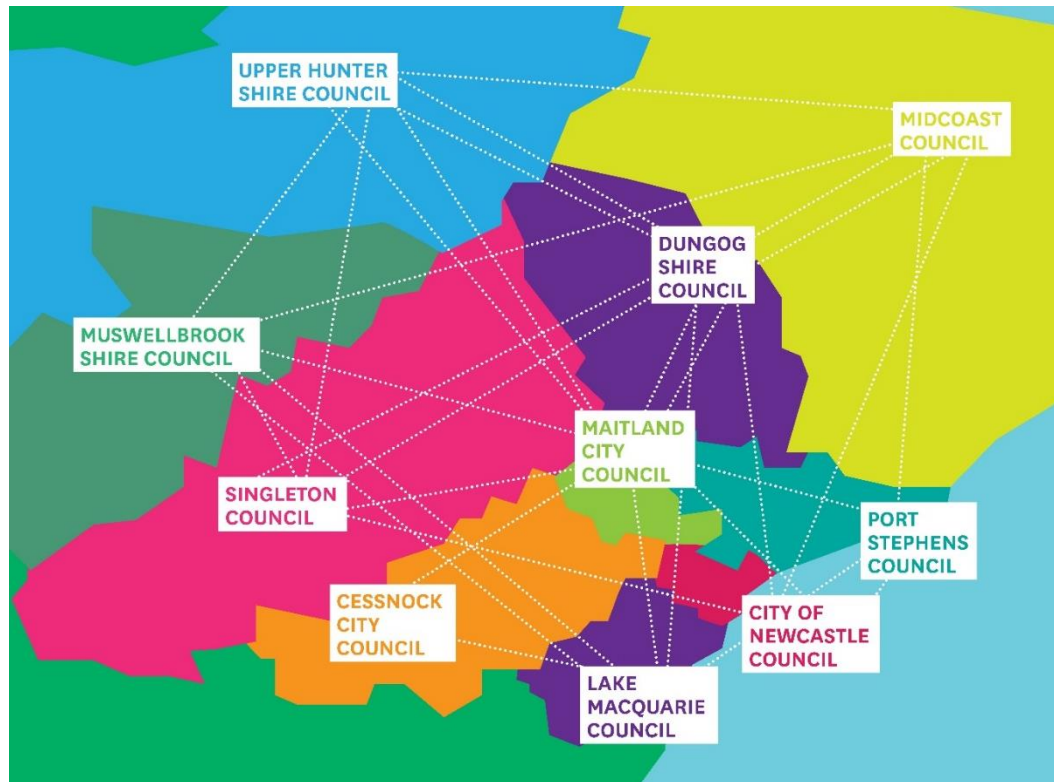
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## Hunter Joint Organisation Board Papers

Extraordinary Meeting 1:00pm, Tuesday 29 June 2021



### Videoconference Details

Microsoft Teams Link: [https://teams.microsoft.com/l/meetup-join/19%3ameeting\\_MjhjZjl1NWMtN2E3YS00NjU5LWFkOGQtMDM1YzUzMDFhNWQz%40thread.v2/0?context=%7b%22id%22%3a%2284531a4d-01d8-4e2d-b5ea-5d9e22ed7c28%22%2c%22oid%22%3a%2290e79b79-147d-4a6e-bb6a-e45e04730874%22%7d](https://teams.microsoft.com/l/meetup-join/19%3ameeting_MjhjZjl1NWMtN2E3YS00NjU5LWFkOGQtMDM1YzUzMDFhNWQz%40thread.v2/0?context=%7b%22id%22%3a%2284531a4d-01d8-4e2d-b5ea-5d9e22ed7c28%22%2c%22oid%22%3a%2290e79b79-147d-4a6e-bb6a-e45e04730874%22%7d)

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### 1. Welcome and Apologies

#### 1.1. Acknowledgement of Country

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*The Hunter Joint Organisation acknowledges the country and history of the traditional custodians of the lands upon which we meet today. We pay our respects to the Elders past, present and emerging, of our region, and of Australia.*

#### 1.2. Conflicts of Interest

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*The Chair asks for any potential Conflicts of Interest to be declared from members of the Board.*

### 2. Reports

#### 2.1 Hunter JO Draft Budget 2021-22 incl. Member Subscriptions

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**Report Author: Joe James, CEO**

**Responsible Officer: Joe James, CEO**

#### Executive Summary:

As noted at the Hunter JO Board Meeting of 10 June 2021, due to internal capacity constraints, the Hunter JO Budget for 2021-22 (the 21-22 Budget) was resolved to be finalised and endorsed out of session.

The draft 21-22 Budget is a balanced budget, total revenue being **\$1,127,95** and total expenditure being \$1,128,268, with a -\$312 balance at the end of the financial year. A full copy of the Hunter JO Draft Budget has been included below at Annexure A, along with the Member Contributions Calculations at Annexure B.

The revenue assumptions for Hunter JO 2021-22 budget are in keeping with the financial model endorsed by the Board in June 2020, incorporating;

- Contribution from Arrow Collaborative Services (and its wholly owned businesses) (**Arrow**) of \$600,000 in total.
- Total member contributions of \$527,956 (compared with \$552,000 in FY20-21).
- Note that CPI has not been applied to member contributions for FY 21-22 but that we propose to institute annual CPI adjusted contributions from FY22-23.
- Total member contribution is less than FY20/21 because it assumes only 25% contribution of the annual fee that Muswellbrook Shire Council would otherwise pay. This is to take them to the end of their notice period (approximately the end of September) for their membership with the Hunter JO [Note that we have had no further advice from either Muswellbrook Shire Council or OLG that this exit is proceeding or is legally binding but, for practical purposes, we have assumed that the Muswellbrook will not make member contributions once its notice period expires].
- All member contributions are comprised of a minimum fixed contribution of \$25,000 per member council, and a pro rata variable fee contribution calculated using a hybrid model of 50% determined by population and 50% determined by rate base to make up the balance of the member contribution.

The key expenditure assumptions are as follows:

- Direct salaries of 0.5 the CEO role, 0.5 the Executive Officer role, and a graduate part-time (0.6 FTE) Media & Communications role for the Hunter JO.
- The main outgoing for the Hunter JO budget remains the contribution to the Regional Policy & Programs Team (under Arrow Collaborative Services).
  - The contribution of \$589,929 to Regional Policy and Programs funds for the employment of 0.5 EFT Director Role, 2 x EFT Regional Policy & Program Managers, 0.5 EFT Executive Support Officer and 0.5 EFT Finance & Administration Support Officer. This contribution is lower in FY21-22 to offset reduced member revenues (assuming Muswellbrook does not contribute beyond its notice period)
  - Within the Regional Policy & Programs Team there is also 1 x EFT Regional Policy & Program Manager is funded entirely from the Environment Program. All other roles currently employed purely through project funding.
- The principle impact of the reduced member revenues is that there is only a very minimal allowance for consultancy for FY21/22 (note that existing projects may have consultancy budgets funded either through grant funding or that was allocated in a prior year's budget that remains unspent). Meaning that, absent additional funding, any new initiatives must come from available capacity or at the expense of an existing function or project.

A summary of member council contributions to the Hunter JO has been included below;

Cessnock City Council	\$ 46,894.35
Dungog Shire Council	\$ 28,587.75
Lake Macquarie City Council	\$ 103,148.01
Maitland City Council	\$ 58,892.59
MidCoast Council	\$ 64,616.46
Muswellbrook Shire Council	\$ 8,354.84
City of Newcastle	\$ 99,504.62
Port Stephens Council	\$ 50,996.26
Singleton Council	\$ 35,597.63
Upper Hunter Shire Council	\$ 30,843.00

The Board should note the advice of the CEO that:

- The contribution of \$600,000 from Arrow is funded out of both Arrow's operational surplus and capital reserves.
- The draft Arrow budget (to be endorsed by the Arrow board) will meet or exceed the financial targets, for the split between operational surplus and capital reserves, proposed in the Arrow Master Business Plan for FY21-22.
- The target split for FY21-22 is \$200,000 from operational surplus and \$400,000 from capital reserves.
- This improves on the split for the past year (FY20-21) of only \$100,000 from operational surplus and \$500,000 from capital reserves.

**Recommendation:**

- **That the Hunter JO Draft Budget for the 2021-22 financial year be endorsed and approved**

### 3. General Business

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Hunter Joint Organisation Budget 2021/22		July '21	Aug '21	Sept '21	Oct '21	Nov '21	Dec '21	Jan '22	Feb '22	Mar '22	Apr '22	May '22	June '22	Total
<b>Income</b>														
Joint Organisation Funding														
NSW Gov't	JO Capacity Building	-	-	-	-	-	-	-	-	-	-	-	-	-
Subscriptions	JO Core Funding	519,601	-	-	-	-	-	-	-	-	-	-	-	527,956
Arrow Collaborative Services Contribution		50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	600,000
JO Capacity Building - Admin fee														
<b>Total Income</b>		<b>569,601</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>1,127,956</b>
<b>Expenses</b>														
General & Administrative														
Admin & O'heads - Internal		7,575	7,575	7,575	7,575	7,575	7,575	7,575	7,575	7,575	7,575	7,575	7,575	90,901
Audit & Assurance		-	-	-	-	-	-	-	-	-	-	-	15,000	15,000
Insurance - PI & PL		9,000	-	-	-	-	-	-	-	-	-	-	-	9,000
Miscellaneous		100	100	100	100	100	100	100	100	100	100	100	100	1,200
Printing - Photocopier		120	120	120	120	120	120	120	120	120	120	120	120	1,440
Subscriptions		128	128	128	128	128	128	128	128	128	128	128	128	1,536
Telephone - Landline & Fax		112	112	112	112	112	112	112	112	112	112	112	112	1,344
Telephone - Mobile		80	80	80	80	80	80	80	80	80	80	80	80	960
Website / Computer Facilities		698	698	698	698	698	698	698	698	698	698	698	698	8,376
Employment														
Salaries & Superannuation		15,875	23,813	15,875	15,875	15,875	15,875	15,875	15,875	23,813	15,875	15,875	15,875	239,375
Fringe Benefits Tax		-	-	4,804	-	-	4,804	-	-	4,804	-	-	4,804	19,216
Workers' Compensation		7,750	-	-	-	-	-	-	-	-	-	-	-	7,750
Staff Amenities & Misc.		80	80	80	80	80	80	80	80	80	80	80	80	960
Uniforms		-	-	-	-	-	-	-	-	-	-	-	400	400
Professional Development		250	250	250	250	250	250	250	250	250	250	250	2,250	5,000
Board Meetings & Conference														
Catering & Functions		-	600	-	600	5,000	-	-	600	-	600	5,000	600	13,000
Communications and marketing														
		833	833	833	833	833	833	833	833	833	833	833	833	9,996
Vehicles & Transport														
Fuel & Oils		700	700	700	700	700	700	700	700	700	700	700	700	8,400
Vehicle Repair & Maint.		-	-	-	-	-	500	-	-	500	-	-	500	1,500
Rego & Insurance		2,200	-	-	-	-	-	-	-	-	-	-	-	2,200
Buildings & Accommodation														
Rent - SSA Admin - CEO office		1,507	1,507	1,507	1,507	1,507	1,507	1,507	1,507	1,507	1,507	1,507	1,507	18,081
Rent - JO Boardroom		4,946	4,946	4,946	4,946	4,946	4,946	4,946	4,946	4,946	4,946	4,946	4,946	59,353
Direct Project Costs														
Regional Policy & Programs Division - Contributor		49,161	49,161	49,161	49,161	49,161	49,161	49,161	49,161	49,161	49,161	49,161	49,161	589,929
Travel & Accommodation														
Accommodation and travel		250	250	250	250	250	250	250	250	250	250	250	250	3,000
Fares & Parking		600	600	600	600	600	600	600	600	600	600	600	600	7,200
Meals/Sustenance		80	80	80	80	80	80	80	80	80	80	80	80	960
Depreciation & Amortisation														
Vehicles		928	928	928	928	928	928	928	928	928	928	928	928	11,136
Computer Hardware		52	52	52	52	52	52	52	52	52	52	52	52	624
Finance														
Bank Charges		35	35	35	35	35	35	35	35	35	35	35	46	431
<b>Total Expenses</b>		<b>103,060</b>	<b>92,647</b>	<b>88,914</b>	<b>84,710</b>	<b>89,110</b>	<b>89,414</b>	<b>84,110</b>	<b>84,710</b>	<b>97,351</b>	<b>84,710</b>	<b>89,110</b>	<b>107,425</b>	<b>1,128,268</b>
<b>Surplus / (Deficit) on Operations</b>		<b>466,541</b>	<b>- 42,647</b>	<b>- 38,914</b>	<b>- 34,710</b>	<b>- 39,110</b>	<b>- 39,414</b>	<b>- 34,110</b>	<b>- 34,710</b>	<b>- 47,351</b>	<b>- 34,710</b>	<b>- 39,110</b>	<b>- 57,425</b>	<b>- 312</b>
CapEx														
		-	-	-	-	-	-	-	-	-	-	-	-	-

## Hunter JO - Member Council Subscriptions

Members	Fixed Contribution	Variable Fee (Population)	Variable Fee (Rate Base)	Total
Cessnock	\$25,000	\$11,816.79	\$10,077.56	46,894.35
Dungog	\$25,000	\$1,897.36	\$1,690.38	28,587.75
Lake Macquarie	\$25,000	\$42,228.96	\$35,919.04	103,148.01
Maitland	\$25,000	\$16,517.11	\$17,375.48	58,892.59
MidCoast	\$25,000	\$19,143.94	\$20,472.52	64,616.46
Muswellbrook	\$25,000	\$3,428.33	\$4,991.01	33,419.34
Newcastle	\$25,000	\$33,500.34	\$41,004.28	99,504.62
Port Stephens	\$25,000	\$14,805.44	\$11,190.82	50,996.26
Singleton	\$25,000	\$4,912.04	\$5,685.59	35,597.63
Upper Hunter	\$25,000	\$2,999.69	\$2,843.32	30,843.00
Total Member Councils Fees	\$250,000	\$151,250	\$151,250	552,500.00

Fixed Fee Component	\$250,000
Variable Fees Total	\$302,500
Funding from SSA	\$200,000
Funding from Reserves	\$400,000
Total Budget	\$1,152,500

Actual Population	Actual Rate Base*
56762	38608
9114	6476
202847	137609
79340	66567
91958	78432
16468	19121
160919	157091
71118	42873
23595	21782
14409	10893
726530	579452

\*Rate base numbers have been taken from Council Financial Statements for 2019/20