

Hunter

Joint Organisation



Hunter Joint Organisation Board Meeting Papers

12:00pm, Thursday 14 November 2019

The Jubilee Room, Parliament House, Sydney

Agenda

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1. Welcome and Apologies

2. Minutes of Previous Meeting

2.1 Minutes of Meeting 12 September 2019

Hunter Joint Organisation Board Meeting Minutes

11:00 – 12:30pm, Thursday 12 September 2019

HJO Board Meeting Room, 4 Sandringham Ave, Thornton NSW

Voting Directors Present

| | |
|--------------------|----------------------------|
| Cr Bob Pynsent, | Cessnock City Council |
| Cr Tracy Norman, | Dungog Shire 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 |

Non-Voting Members Present

| | |
|------------------|--|
| Steve McDonald, | General Manager, Upper Hunter Shire Council (Chair) |
| Coralie Nichols, | General Manager, Dungog Shire Council |
| Adrian Panuccio, | General Manager, MidCoast Council |
| Wayne Wallis, | General Manager, Port Stephens Council |
| Jeremy Bath, | CEO, Newcastle City Council (entered the meeting at 11:19am) |
| Robert Maginnity | Acting GM, Cessnock City Council |
| Karen Minto | Acting Director – Hunter & Central Coast, DPIE |
| Chris James | Acting GM, Maitland City Council |
| Sharon Hutch | Acting GM, Singleton Council |

Apologies

| | |
|--------------------|---|
| Cr Nuatali Nelmes, | Newcastle City Council |
| Cr Kay Fraser, | Lake Macquarie City Council |
| Cr Martin Rush, | Muswellbrook Shire Council |
| David Evans, | General Manager, Maitland City Council |
| Fiona Plesman, | General Manager, Muswellbrook Shire Council |
| Jason Linnane, | General Manager, Singleton Council |
| Morven Cameron, | CEO, Lake Macquarie City Council |

Staff in attendance

Joe James, CEO, Hunter Joint Organisation

Graham Dean, Manager Finance & Administration, Strategic Services Australia

Steve Wilson, Director, Environment Division, Strategic Services Australia

Louisa Bulley, Executive Assistant to the CEO

Observers

Virginia Errington, Office of Local Government

Stephen Wills

Andrew McIntyre, DPIE

Claire Turrel, DPIE

Sonia Errington, DPIE

Item 1 Welcomes and Apologies

The Chair welcomed the members to the meeting, and noted the apologies.

Resolved:

- ***That the apologies be noted.***

Moved: Sue Moore

Seconded: Ryan Palmer

Carried.

Item 2 Minutes of Previous Meeting

The minutes of the meeting of 11 July 2019 were noted.

Item 3 Confirmation of Minutes & Business Arising from Minutes

Resolved:

- ***That the minutes of the previous meetings of 11 July, be adopted***

Moved: Sue Moore

Seconded: David West

Carried.

Item 4 Presentations

4.1 Hunter Valley Flood Mitigation Scheme Review: *Andrew McIntyre from Department of Planning, Industry and Environment provided a presentation on the Hunter Valley Flood Mitigation Scheme currently underway.*

Item 5 Correspondence

The correspondence was taken as read.

Resolved:

- ***That the correspondence be noted.***

Moved: Sue Moore

Seconded: Kaye Fraser

Carried.

Item 6 Reports

6.1 CEO Report

The report was taken as read. The CEO provided a short verbal update to accompany the report.

Resolved:

- ***That the CEO Report be noted.***

Moved: Wayne Bedggood

Seconded: Loretta Baker

Carried.

6.2 Financial Reports YTD July 2019

Graham Dean provided a short verbal update to accompany the report, noting variances against the 2019/20 budget due to the timing of invoicing for some business divisions.

Resolved:

- ***That the financial reports be noted.***

Moved: Ryan Palmer

Seconded: Kaye Fraser

Carried.

6.3 Additional Funding for Joint Organisations

The report was taken as read. The CEO noted that as further clarity is provided from OLG on the criteria for this grant funding, will liaise with the Chair of the HJO on how to proceed.

Resolved:

- ***That the report be noted and that the CEO liaise with the Chairperson in submitting an indicative project scope to OLG by 30 September.***

Moved: Sue Moore

Seconded: Wayne Bedggood

Carried.

6.4 Local Strategic Planning Statements

The report was taken as read. Steve Wilson provided further context for the report, noting that an external resource has been engaged to undertake this project.

Resolved:

- ***That the update be noted***

Moved: David West

Seconded: Ryan Palmer

Carried.

6.5 Organisational Communication and Marketing

The report was taken as read.

Resolved:

- ***That the Board note the strategic approach to communication and marketing of the collaborative activity of the organisation (in addition to the planning and marketing of discreet business units and functions).***
- ***That the Board note and endorse the draft organisation mission statement.***

Moved: Tracy Norman

Seconded: Sue Moore

Carried.

6.6 Regional Economic Transition Standing Committee

The CEO provided a short summary of the inaugural meeting of the Regional Economic Transition Standing Committee, noting that the Committee have made a submission to the Senate Select Committee on Regional Jobs.

Resolved:

- ***That the Terms of Reference of the Regional Economic Transition Standing Committee be endorsed and adopted***
- ***That councils who have not nominated a Standing Alternate on the Committee either nominate an alternate member or confirm that no alternate is required.***

Moved: Wayne Bedggood

Seconded: Loretta Baker

Carried.

7. Matters Raised by Voting & Non-Voting Members

No items were raised.

Item 8 General Business

8.1 Joint Organisation Network Update

The update was taken as read.

The Board discussed the suggestion in that paper that members share their council's motions being brought to the LGNSW Annual Conference to advocate for one another's motions where appropriate.

Resolved:

- ***That the CEO receive, consolidate and circulate the motions for each council to all members of the HJO, for circulation by email by Friday 20 September 2019.***

Moved: David West

Seconded: Tracy Norman

Carried.

8.2 November HJO Meeting Itinerary

The Board discussed the itinerary for the November Meeting of the HJO planned to be held at Parliament House, Sydney. The Board agreed on hosting a casual reception on the evening of Wednesday 13 November, to invite all local members and appropriate Ministers, with dinner to follow with just HJO members.

Resolved:

- ***That the CEO circulate a list of invitees for the HJO reception on Wednesday 13 November to all members to consider by Friday 20 September.***

Moved: David West

Seconded: Loretta Baker

Carried.

8.3 Board Forward Planner

The report was taken as read.

Resolved:

- ***That the report be noted.***

Moved: David West

Seconded: Sue Moore

Carried.

8.4 Proposed 2020 Meeting Schedule

The Board discussed the proposed date for the HJO in 2020. The Board noted that the date of 10 September 2020 may fall too close to local government elections, particularly as the date of the AGM.

The Board agreed to move the Annual General Meeting of the HJO to August, and to take the September meeting date on notice to discuss with OLG.

Resolved:

- **That the report be noted.**

Moved: Wayne Bedggood

Seconded: Sue Moore

Carried.

Additional General Business

Audit, Risk & Improvement Committees

Coralie Nichols spoke regarding recent Audit, Risk and Improvement Committee Training being offered for councils, and the expectation that ARIC bodies be set up in each local council in early 2020.

The Board discussed the potential for having a shared body across member councils, as well as sharing of charter documentation across the HJO for establishment of these Committees.

The Board noted their agreement to discuss at a later date.

Regional NSW Presentation

Stephen Wills and Karen Minto provided a short presentation on the Regional NSW Tea for the Hunter & Central Coast, noting the transition of Stephen Wills out of his role with the team. Stephen introduced Karen Minto to the Board as acting in his previous role in the interim ahead of Alison McGaffin coming on board at the end of September.

The HJO Board thanked Stephen for his work in the region and for his support for the HJO in their transition from a Regional Organisation of Councils to a Joint Organisation over the past 18 months.

Meeting closed 12:15 pm

3. Confirmation of Minutes & Business Arising from Minutes

Recommendation:

- That the minutes of the previous meetings of 11 July 2019 be adopted

3.1 Business Arising: Action Register

| I.D | Action | Meeting | Status | Notes |
|-----------|---|------------|--------------------------|--|
| HJO-19-03 | CEO to provide a report will be brought back to the Board providing a draft 'Plan of Advocacy' regarding Intergovernmental Partnerships to the next meeting of the Board | 11 July 19 | Paused pending strategic | The CEO will provide a report to the Board in early 2020. |
| HJO-19-10 | Regional Economic Transition Standing Committee: That councils who have not nominated a Standing Alternate on the Committee either nominate an alternate member or confirm that no alternate is required. | 12 Sep 19 | Ongoing | No additional nominations or confirmations were received. The CEO will be putting out a call for alternate nominees for each council with a response date. |
| HJO-19-11 | LGNSW Conference: That the CEO receive, consolidate and circulate the motions for each council to all members of the HJO, for circulation by email by Friday 20 September 2019. | 12 Sep 19 | Complete | N/A |
| HJO-19-12 | That the CEO circulate a list of invitees for the HJO reception on Wednesday 13 November to all members to consider by Friday 20 September. | 12 Sep 19 | Complete | N/A |
| HJO-19-13 | That a discussion of Audit, Risk and Improvement Committees be added to the agenda for the HJO for discussion at a later date | 12 Sep 19 | Ongoing | This item has been placed on the HJO Board Forward Planner for discussion in early 2020. |

4. Presentations

Nil presentations

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 Received:

- Attachment 1: Response from Matt Kean re: Underground Petroleum Systems Storage
- Attachment 2: Letter from DPI regarding Marine Park Advisory Committee
- Attachment 3: Response from Minister Hancock re: Local Government Filming Protocol
- Attachment 4: Response from Minister Harwin re: Local Government Filming Protocol

Correspondence Sent:

- Attachment 5: Letter to DFK Crosbie from HJO re: Audit Outcomes & SSA/HJO Financial Relationship
- Attachment 6: Letters to Ministers Don Harwin and Shelley Hancock re: Local Government Filming Protocol

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 | CEO and Chair of the HJO met via phone with the Policy Advisor to Minister Stokes, regarding the MoU developed for the GNMP. |
| Hunter Economic Transition Steering Committee | <p>The Steering Committee met on Thursday 7th November. Since its inception, the Standing Committee has been exploring the potential to establish a regional foundation to focus on economic transition. This is addressed further at Agenda item 6.5.</p> <p>The Standing Committee has also lodged two submissions.</p> <ul style="list-style-type: none">- The Commonwealth Senate Select Committee on the Future of Regional Jobs- to the NSW Legislative Assembly Committee on the Sustainability of Energy Supply and Resources <p>The first of these submissions resulted in an invitation for the HJO to address the Select Committee hearing that was held in Newcastle on 5 November. The Chair of the HJO addressed the Committee and his opening address was circulated to Mayors and GMs/CEOs.</p> |
| Circular Economy Working Group | <p>The Circular Economy Sub-Committee Friday 1st November.</p> <p>This is addressed further at Agenda item 6.8.</p> |
| Strategic Projects / Programs | |
| Intergovernmental Partnerships | <p>No further developments in relation to direct advocacy efforts.</p> <p>On 15 November the HJO has worked in partnership with HRF to organise an event for local government on the future of population in the Hunter. Liz Richie, the co-CEO of RDA will be speaking at this event, with members from each member council invited to attend.</p> |

| | |
|---|--|
| | This issue is potentially a strategic catalyst to re-engage State and Federal government on the importance of an Intergovernmental Partnership for the Hunter. |
| Smaller & Smarter Cities Symposium | The CEO and Chair each spoke at the Smaller & Smarter Cities Symposium on 10-11 October 2019. Bob Pynsent provided an opening address, alongside Cr Nuatali Nelmes. CEO spoke on the benefits of collaboration that the HJO offers (CEO presentation included at Attachment 4). At the closing of the Symposium, as part of the 'Outcomes Workshop' the HJO was acknowledged as a key collaborative body for implementation of regional strategies. A summary paper from this workshop has also been included at Attachment 5. |
| Standing Collaborations and stakeholder engagement | |
| Upper Hunter Economic Diversification Working Group | This sub-committee met on Friday 1 st November. The CEO was unable to attend but sent Louisa Bulley to provide an update on the HJO activities in the Economic Transition space. The Secretariat of the Sub-Committee will be meeting with the CEO and EA in the next two weeks to discuss further development on the UHED Web Portal. |
| Hunter Industry Roundtable | At the October meeting of the industry roundtable the need to update the Terms of Reference was identified, noting that this group was initially formed out of the downturn in coal price in 2012-13. |
| Hunter RLE (including Economic Development Sub-Committee) | A verbal update will be briefly provided to the Board on recent RLE meetings. |
| Advocacy / Collaboration / Stakeholder engagement since last board meeting | |
| Cruise Industry Working Group | With funding from Destination NSW and NSW State Government, employment of a contractor in the role of Cruise Hunter Coordinator has gone ahead for the 2019-20 cruise season. While the role is contracted to the Hunter Joint Organisation, the new employee Sarah Foster will be operating out of the Port Authority offices in Newcastle. A draft media release, focusing on the collaboration of the stakeholders, is included at Attachment 7. |
| OEM/HJO Hosting of Regional Position | CEO, along with Steve Wilson – Manager of Environment Division have met with Office of Emergency Management regarding the hosting of a regional support role for councils around disaster resilience. Three such roles in the state are being piloted out of Joint Organisations as part of the Disaster Preparedness Program. Initial discussions have been completed, with the aim to undertake recruitment by the end of the year, with the role to start in February. |

| | |
|--------------------------|---|
| Committee for the Hunter | <p>As an action from the last meeting of GMAC, a summary has been provided of the tiers of membership for the Committee for the Hunter, to further discuss options for the HJO to engage;</p> <p>Membership tiers:</p> <ul style="list-style-type: none"> • Patron (\$50000) • Gold (\$30000) • Silver (\$5000) • Bronze (\$1000) <p>An further discussion of this topic is contained at Agenda Item 8.11</p> |
|--------------------------|---|

Recommendation:

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

6.2 Financial Reports YTD September 2019

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 30 September 2019 is included below.

| Hunter Joint Organisation / HC Inc | | | | | | | | | | |
|---|--|--|--|--|----------|----------|----------|-----------|-----------|-----------|
| Profit & Loss Summary | | | | | | | | | | |
| 1 July 19 to 30 September 19 | | | | | | | | | | |
| | | | | | Sept. | Sept. | | YTD | YTD | Approved |
| | | | | | Actual | Budget | Variance | Actual | Budget | Budget |
| | | | | | | | | | | 2019/20 |
| Brought Forward (DPC) | | | | | - | - | - | 100,800 | 100,800 | 100,800 |
| Revenue | | | | | | | | | | |
| Hunter Joint Organisation | | | | | 8,396 | 8,333 | 63 | 190,907 | 189,866 | 264,867 |
| Projects (Environment Div'n, Screen Hunter & DPC) | | | | | - | 70,550 | (70,550) | 819,631 | 1,085,399 | 1,385,949 |
| | | | | | 8,396 | 78,883 | (70,487) | 1,010,538 | 1,275,265 | 1,650,816 |
| Expenditure | | | | | | | | | | |
| Hunter Joint Organisation | | | | | 56,863 | 45,116 | 11,747 | 204,289 | 220,058 | 658,005 |
| Projects (Environment Div'n, Screen Hunter & DPC) | | | | | - | 90,550 | (90,550) | 755,891 | 1,145,399 | 1,486,749 |
| | | | | | 56,863 | 135,666 | (78,803) | 960,180 | 1,365,457 | 2,144,754 |
| Surplus / (Deficit) | | | | | (48,467) | (56,783) | 8,316 | 151,158 | 10,608 | (393,138) |

A full copy of the P&Ls for September 2019 is included at Attachment 8.

Recommendation:

That the Profit and Loss Statement for period ending 30 September 2019 be received and noted

Report Author: Graham Dean, Administration & Finance Manager

Responsible Officer: Joe James, CEO

Executive Summary:

An item contained in the Auditors' reports for each entity within the Hunter JO group, is the lack of formal "agreement" documenting cost sharing arrangements.

Each entity should formalise and acknowledge the agreement between the Hunter Joint Organisation (HJO), Strategic Services Australia (SSA), Local Government Legal (LGL) & Hunter Councils Inc (HC Inc). That agreement needs to appropriately document the services & charges received by each entity from another within the group.

This agreement is to be reviewed, and formally adopted on an annual basis as a minimum.

This agreement has already been reviewed and adopted by the board of Strategic Services Australia Limited.

For Information of Directors of HJO, SSA, LGL & HC Inc.

Following, is a table outlining the monthly inter-entity charges for the information of all Boards.

Salaries

- SSA reimburses HJO for 50% of wages & superannuation for the CEO and EA.
- HJO reimburses SSA for 50% of wages & superannuation for the casual communications and marketing officer.

Rent – where the rate per square meter was determined on the basis of return on investment plus outgoings plus annual CPI adjustment

- HJO pays HC Inc (being the owner of Sandringham Ave) rent for exclusive use of the Board room.
- HJO pays SSA (being the landlord of Bonville Ave) rent for office space for the CEO & EA.
- LGL pays HC Inc for office space.
- SSA pays HC Inc for office and training room space on behalf of LGTI.

IT Support – where direct charges are passed on, and overhead costs are apportioned on the basis of the number of users.

- HJO pays SSA for provision of IT infrastructure, maintenance and support, plus NBN connection and usage.
- LGL pays SSA for provision of IT infrastructure, maintenance and support, plus NBN connection and usage.

Administrative Support

- HJO, LGL & HC Inc each pay a monthly fee to SSA to entitle them to finance & administrative support.

Interest

- LGL pays SSA monthly interest calculated on the outstanding balance of “seed-funding”.
- SSA pays HJO monthly interest for the balance of cash invested utilising SSA’s investment vehicle (i.e. cash which is surplus to HJO’s short-term needs).

RECOMMENDATION:

- **THAT the Board note and ratify the inter-entity schedule of monthly charges as it relates to the Hunter Joint Organisation.**

6.4 Segregation of Duties

Report Author: Graham Dean, Manager Finance & Administration

Responsible Officer: Joe James, CEO

Executive Summary:

An item contained in the Auditors’ reports for the Hunter Joint Organisation, is the low level of internal control due to the lack of segregation of duties. There is acknowledgement by the auditors of the relative small size of the entity making it difficult to maintain effective segregation over the course of the financial year. Agreement was reached with the auditors that ALL accounting entries would be reported to, and reviewed by, the CEO on a monthly basis. A random sample of transactions would be selected and vouched for as being correct and appropriate.

For Information of Directors of HJO...

The abovementioned procedure has been undertaken for the months of July, August and September 2019.

The CEO can report that all transactions look “reasonable” and random samples have been vouched and verified as correct and appropriate.

RECOMMENDATION:

- **THAT the Board note that this new control recommended by the auditor has been implemented.**

6.5 Hunter Economic Transition Standing Committee Update

Report Author: Louisa Bulley, Executive Assistant to the CEO

Responsible Officer: Joe James, CEO

The Standing Committee met on 7 November 2019 for an update from the working group on its exploration of options for the establishment of a Foundation for Economic Transition in the Hunter.

The working group consists of:

- Cr Wayne Bedggood – Chair
- Martin Rush
- Morven Cameron
- Aleksander Mitreski
- Joe James
- Louisa Bulley

The working group has also brought on the support of Jack Archer (a consultant with experience in establishing government and industry funded entities as well as overseeing research on regional Australia and, in particular, economic transition) to assist with some of the actions of the Working Group.

A summary of the actions of the working group that have been completed or are underway from this period can be found below;

| Action | Assigned | Status |
|---|----------------------------|------------------------------|
| Submission to Senate Select Committee on the Future of Regional Jobs to be completed | Aleks Mitreski / Joe James | Complete |
| Submission to Committee on Environment & Planning to be completed, and cross-referenced with other regional submissions from the Hunter where possible | Aleks Mitreski / Joe James | Complete |
| Letter to the Minister to be completed, as a briefing opportunity for Minister for Local Government, rather than a formal application for consent to establish foundation | Joe James | Underway |
| Research to be completed on other foundations/bodies that have worked in the area of transition to start developing work plan for Foundation | Aleks Mitreski | Complete |
| Clear set of objectives to be established for Foundation as part of Charter (using UHEDC Constitution as a starting point) | Jack Archer | Complete (for consideration) |
| List of stakeholders, informants & potential partners to be completed for Foundation, in order to start communicating about the opportunity more widely | Joe James / Working Group | Complete (for consideration) |
| Develop possible governance model for the Foundation, including structure of Board and leadership | Aleks Mitreski | Underway |
| Develop list of agreed messages for engaging with key contacts and stakeholders, while still in development stage for Foundation | Joe James / Jack Archer | Underway |

The key outcomes from the working group have been the development of a draft Project Plan for establishment of the Foundation for consideration by the Steering Committee (Attachment 9), and a desktop review of similar organisations both locally and internationally by Aleksandar Mitreski (Attachment 10).

Survey outcomes – considerations for a proposed foundation

Since its first meeting on 12 September 2019, the Working Group has completed an initial survey of foundations and bodies that figure or purport to respond to economic transition in some manner. This survey has helped to examine the wide range of governance structures and business models used by these bodies, including the financial frameworks that each has adopted.

Through a desktop review, the survey focused on the key objectives, governance model, financing and activities of each organisation within the scope, as shown in the slides at Attachment 9.

While the scope of the survey was not exhaustive, it shows the diversity of models being used in this space.

Responding to the survey, the Working Group has made the following observations:

- Model: there is no one clear model that stands out as the best practice approach to be adopted in the Hunter. The model for the Hunter will draw on best practice but ultimately be bespoke for the Hunter.
- The objectives of the organisations surveyed were most successful when kept at a quite high level. As discussed at the last meeting of the Working Group, the proposed Hunter Economic Transition Foundation could potentially have a greater agility by having broad objectives. A set of draft objects for the Hunter Transition Foundation for use in consultation:
 - Develop and facilitate initiatives to attract investment and support economic growth and associated employment opportunities in the Hunter Region.
 - Develop and facilitate initiatives to support businesses, workers and communities in the Hunter Region that are impacted by changes to local industry.
 - Facilitate partnerships and foster cooperation and collaboration between governments, industry, academia and the community, in support of our objects.
- In order to move forward in initiating stakeholder consultation, it is recommended that the Board endorse a set of objectives.
- No one clear model for either governance or business models stands out as best practice amongst the organisation's surveyed. The Hunter needs to build its own solution that is fit for purpose for local needs. Some high-level conclusions about likely governance and financial models have emerged from the initial survey, but more detailed work is needed before firm decisions should be taken. At this point the Working Group suggests that the starting point for consultation will be that local government retains a significant interest, if not controls, in the proposed foundation, in order to maintain democratic accountability and provide institutionalised local leadership.
- The key to progress will be to reach agreement on the scope of activities the organisation will undertake to meet its objects. Governance and financial models will be a function of what the activity set looks like and how those activities are resourced by the founders of the organisation and/or those who use its services.
- The review reveals a wide spectrum of options from bringing people together and building knowledge through research, networks and events through to being deeply and practically involved in development projects, training and capacity building and investment (see Slides 7 and 8 in Aleks slide deck). At this point the working group is suggesting that all activities in the survey are part of stakeholder consultation but that it be indicated that proposed foundation is intended to have an active role in the development process.

The project plan and establishment funding

This document outlines the Hunter Joint Organisations rationale for establishing the Foundation, principally being to provide leadership to the economic transition in the Hunter Region.

At its core, the task of transition is about successfully 'steering' the reallocation of the economic resources of a region – its land, water, workforce, infrastructure and investment capital – to uses that are similarly or more productive than old uses and that have strong prospects for supporting sustainable future growth in the region's economy by attracting new workers and investment to the region.

Place-based leadership of the transition process is crucial. Strong leadership provides a vision for the future that has the buy-in of key players, maintaining public and industry confidence in the future of the region.

The aim of the establishment project is to create a new not-for-profit organisation that can provide place-based leadership and practically facilitate a successful transition on behalf of the community and in partnership with governments and industry.

For the Foundation to meet this goal it must be well designed for the task and have substantive support from industry, government and the community.

Key steps outlined in the project plan are:

1. Development of the preferred governance and operating model for the Foundation
2. A stakeholder strategy to inform the design and secure partners, allies and a supportive public conversation
3. Establishment of the Foundation as a legal entity
4. Beginning the start-up phase of the Foundation including launch, CEO appointment and negotiation of initial funding agreements

It is estimated that the project cost is approximately \$240,000. A breakdown is provided in the paper but this is over and above the time of the CEO, (future) Policy Officer and EA.

At this point there is indicative industry support, notably from AGL, to contribute up to 50% to establishment costs. There is also an opportunity for seek further industry contributions as stakeholder engagement commences.

Given that this is not a project contemplated in the current year's budget, in order that maintain project momentum and give the CEO the necessary certainty to proceed with consultant appointments and stakeholder engagement, it is requested that the board confirm that the HJO will underwrite the project cost.

Underwriting the project cost will:

- Provide legitimacy to the regional approach and leadership adopted by the HJO on this issue;
- Be seen by stakeholders as acting in good faith and with an intent to commit to the foundation in the long term.

The full year cost of the project can be adjusted for in the budget review in January 2020.

RECOMMENDATION:

That:

- The HJO Board endorse the proposed project plan for stakeholder engagement and establishment of the foundation, including that stakeholder engagement commence using the draft objectives and the key messages noted in the project plan;
- The Board notes the survey of domestic and international examples of transition focused organisations and that the full scope of potential activities will be discussed with potential stakeholders to determine support and alignment on various activities;
- Noting the potential for AGL and other partners to provide financial support for foundation establishment, the Hunter Joint Organisation underwrite the forecast project cost, whilst continuing to seek external funding to alleviate the cost to the HJO, with the CEO to provide updates to each standing committee and board meeting.

6.6 HJO Branding: Marketing & Communications

Report Author: Louisa Bulley, Executive Assistant to the CEO

Responsible Officer: Joe James, CEO

Executive Summary:

The purpose of this report is to provide a summary of recent marketing and communications updates.

Report:

As noted in previous reports to the HJO Board, over the past three months the HJO/SSA have brought on a contractor, Xanthe Addison, to assist in identifying the various Communications and Marketing needs of the HJO and the SSA Business Divisions.

Having completed a review of the current operations of the HJO and the SSA Business Divisions, Xanthe has now been able to put forward some observations and recommendations to the CEO, initially in relation to operations of the HJO.

The consolidation of these observations, in the CEO's words, is that the collective collaborative efforts of local government suffer from:

- Lack of awareness amongst internal (local government) and external (other government, industry and community) stakeholder; and
- Lack a coherent brand that encapsulates the expected benefits of local government in the Hunter collaborating.

The specific recommendations are dependent on review of current budget constraints, a copy of the report, and its recommendations, but have been included at Attachment 11 for information.

Consideration of the specific recommendations will take place in the context of the strategic planning process and budget review for HJO in November.

RECOMMENDATION:

THAT the update be noted.

Report Author: Louisa Bulley, Executive Assistant to the CEO

Responsible Officer: Joe James, CEO

As noted in the papers for the SSA Board, the business divisions of Strategic Services Australia have been undergoing a strategic planning process. At the same time, the CEO has been evaluating strategic and operational frameworks that might allow for a realistic delivery program of the existing Strategic Plan (Aspire. Act. Achieve).

Through these processes, and the Marketing & Communication Review being completed by Xanthe Addison, it has become clear that some further internal development of the HJO Strategic Plan, especially around the operating framework, would be beneficial in order to identify clear objectives for delivery by the CEO, EA, and any additional staff within the HJO.

The initial strategic development being done by the business divisions has also shown clear crossover and alignment between the objectives of the HJO as set out in the Strategic Plan, and the operations and projects delivered by the Environment Division of SSA.

The CEO is proposing a strategic planning process distinct from that being completed within the SSA business divisions. A key option is to explore utilising the leadership and systems of the Environment Divisions to support delivery of key objectives of the HJO, in addition to the work that is already done within this division, therefore supporting the capacity of the CEO and the operation of the HJO.

Tim Ryan of Ilume Consulting has been engaged to begin some initial fact-finding to this end. Tim was initially recommended as a potential consultant to assist with the review of the SSA business units. However, the scoping discussions with Tim identified that he was better placed to support the CEO in translating the vision of the HJO (outlined in the current 2018-2021 Strategic Plan) into an operating framework capable of delivering a set of achievable strategic objectives.

As part of his fact finding, Tim will be engaging with members of the HJO, both at the level of Mayors and GMs. To be cost effective in this exercise the CEO proposes 3 Mayors and 3 GM's/CEO's be consulted.

At this point the unused budget from the proposed policy officer role will be redirected to the fund this engagement (estimated to cost between \$20-30k).

Similar to the process being undertaken by the SSA Directors and Divisional Managers, this step in the process will improve alignment of the goals and priorities of the Board, the expectations with respect to delivery of these priorities and the specific activities of HJO staff. Specifically, it will identify where how and where the role of a Policy Officer, as included in the current HJO budget, or any future resources (as determined by a budget review) would best sit in terms of capability, skill and integration into HJO's and SSA's existing operational structures.

RECOMMENDATION:

THAT:

- **The update be noted, and**

- **Endorse the engagement of a consultant to a maximum budget of \$30k to support strategic planning by the CEO.**

6.8 NSW Circular Economy

Report Author: Tim Askew, Regional Program Manager – Environment Division

Responsible Officer: Joe James, CEO

Background:

The Circular Economy Working Group (CEWG) was established at the HJO Board meeting 14 June 2018 to develop the region's circular economy. This involves establishing a program of work identifying regional opportunities to advance circular economy solutions for member council recycling products and services. The program of works is designed to deliver on the desired outcomes of the CEWG and to this point have been resourced using funding from the NSW EPA (Better Waste Recycling Fund) and through collaboration with other agencies.

Since then the NSW State Government has supported the Circular Economy with the EPA releasing the NSW Circular Economy Policy Statement (February 2019) following a discussion paper in October 2018. In January 2019 the NSW Chief Scientist established the Circular Economy Innovation Network. The network is now called NSW Circular and aims to facilitate a more sustainable approach to the use of resources and management of waste using circular economy principles.

Hunter JO Circular Economy (CE) Program Update

The regional program's initial focus is to establish solid foundations for our circular economy by understanding the existing context of the circular economy within the region and then leveraging that information to assist councils and business better manage waste streams with improved environmental and economic outcomes for the region.

The project work to date is gaining a lot of attention in Circular Economy circles at both State and Federal Government levels as well as in the local business community. NSW Circular has featured the Hunter Region as a leader in the circular economy at their recent launch event in Sydney (launched by Minister Stokes) and they would like the Hunter to be one of the first demonstration regions for their circular economy micro-factories technology. At the federal level, Planet Ark will be hosting the federal government's Circular Economy Hub. Planet Ark have asked us to collaborate on and connect with the national Circular Economy Hub. Locally, we have been invited to speak at Hunternet, Ai Group and Hunter Business Chamber events.

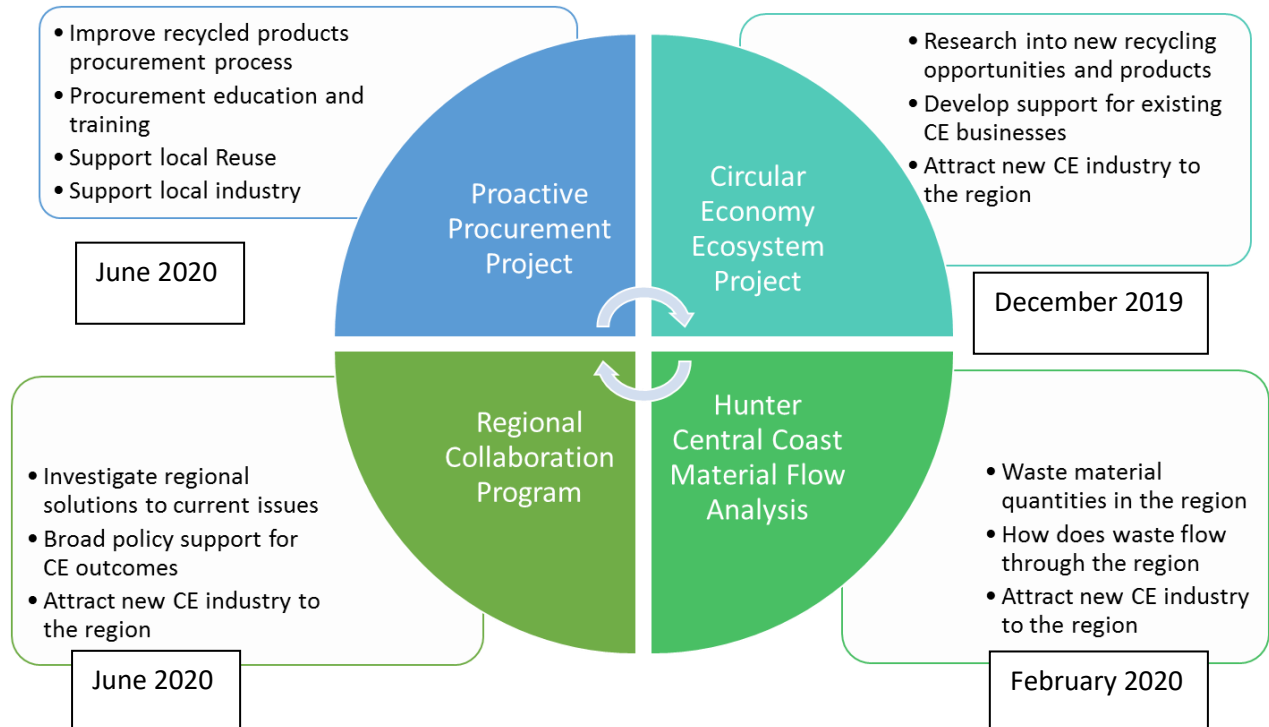
The current program of works for the Circular Economy is shown in Figure 1 including the desired outcomes of the CEWG and proposed completion dates. Attachment 12 provides a more detailed summary of the project and the progress to date.

In particular, the Board should note the specific recommendations, regarding key milestones in two of our projects, being that:

- Proposed public launch date of the Hunter Central Coast Circular Economy Eco-System is 29 November 2019. [Note that the nature of the launch is yet to be determined].

- Hunter Central Coast (HCC) Material Flow Analysis (MFA) Project draft outputs will be ready for internal review early December 2019.

Figure 1 – HJO Circular Economy (CE) Projects



The potential scope and complexity of the Circular Economy program is growing quite rapidly, with the Hunter JO being increasingly engaged by a range of stakeholders as to our potential to be involved and/or invest in a variety of CE related projects. It is therefore proposed that we work with the CEWG and member Councils to establish a Circular Economy decision making framework, to assist with prioritising those initiatives and projects that should be pursued within the resources available to the program. The framework would assist with clearly defining and agreeing on the the issues to be addressed by the regional program, clarify stakeholders and their responsibilities, and establish clear agreed objectives against which to evaluate future opportunities and CE delivery pathways.

To proceed we propose engaging with council staff and other stakeholders to develop a project plan to develop the framework (ie. cost is resource time only). Once the project plan is developed, funding will be sought for its implementation.

Recommendations:

That the HJO Board:

- **Endorse Phase Two of LGNSW’s “Save Our Recycling” campaign (as outlined in Attachment 13), join the campaign by registering on the Save our Recycling page and write to the relevant State and Federal government ministers using the Save our Recycling campaign materials.**

That the HJO Board note the following:

- The Circular Economy Working Group met on 1 November 2019 to receive the draft report and presentation on the Hunter Central Coast Circular Economy Eco-System.
- Proposed public launch date of the Hunter Central Coast Circular Economy Eco-System is 29 November 2019.
- Hunter Central Coast (HCC) Material Flow Analysis (MFA) Project draft outputs will be ready for internal review early December 2019.
- The Circular Economy work of the HJO is receiving positive State and National attention.
- GMAC endorsed the engagement of council staff to develop a new project, the Circular Economy decision making framework, to assist with resolving the complexities and focus of the Circular Economy program.

6.9 Additional JO Funding

Report Author: Joe James, CEO

Responsible Officer: Joe James, CEO

For Discussion

On 22 August the State Government announced the Capacity Building Fund for Joint Organisations to support JOs in developing their ongoing sustainability. The Joint Organisation Capacity Building Funds must be spent on activities and projects specifically designed to improve the sustainability of a JO.

The available funding provides a one-off total of \$150,000 per JO.

Funding guidelines

Activities may include but are not limited capacity building areas of:

- Program design
- Program promotion
- Program prioritisation (EoI process and business case development)
- Funding application assessments
- Contract management
- Project management
- Project and program delivery
- Funding/project acquittal
- Program evaluation.

JOs must use the funding:

- to deliver specific outcomes in relation to one or more of the capacity areas noted above,
- address one or more of the JOs strategic priorities,
- deliver measurable outcomes,
- demonstrate commitment from member councils to provide in kind support in the development and or implementation of the project/s,
- contribute to a JO Business plan demonstrating ongoing financial sustainability.

Funding is:

- not to be used for capital expenditure or operational costs, or activities which could be considered as “business as usual”.

- to be spent or committed by 30 December 2020 and all funding must be acquitted before 30 June 2021.
- subject to a funding agreement with the Office of Local Government.

Proposal update

On 7 November OLG issued the JO Capacity Building Fund Application Form. The form, together with a project plan, is due to OLG by 22 November.

OLG has indicated that while the project itself does not need to deliver income itself, it does need to develop a JOs capability to deliver income generating projects.

This application of this criteria is unclear as to how it might relate to a wide variety of projects that could be considered strategic priorities of the JO, either under the Strategic Plan (2018 – 2021) or priorities identified through the activities of the various standing committees of the JO.

Based on discussions with OLG and consideration of the relevant criteria, the CEO proposes to engage with OLG as to whether the HJO's proposed project in relation to an Economic Transition Foundation – being the design, evaluation and stakeholder consultation in relation to a place-based entity to support economic transition in the Hunter – fulfils the criteria.

The project is already attracting industry funding support and has an emerging profile through the Standing Committee's submission to the Senate Committee inquiry into the Future of Regional Jobs, so it would appear to address key criteria required in the application.

The Board previously resolved that the funding application be settled between the CEO and Chair.

RECOMMENDATION:

- **THAT the update be noted.**

6.10 HJO Budget Review

Report Author: Joe James, CEO

Responsible Officer: Joe James, CEO

For Discussion:

As resolved by the Hunter Joint Organisation at their Extraordinary Meeting of 6 June 2019, a review of the HJO's budget, to ensure a balanced budget, will occur in January and report back to the first HJO Board meeting in 2020.

The strategic planning process referenced in Item 6.7 will seek to further develop a clearer picture of a sustainable model for delivering the HJO's priorities operationally.

The strategic planning process underway within the SSA Business Divisions will also help to provide financial forecasts to be taken into account for future HJO budgets (in terms of growing the surpluses to be generated by the operating units of SSA and any investments by SSA).

The additional funding being offered in the form of a grant to Joint Organisations from State Government of around \$150K, noted above at Item 6.9, will also be taken into consideration in the review of the HJO 2019-20 Budget. It is anticipated that, if the funding is provided and utilised as suggested in Item 6.9, then the HJO budget for 2019/20 will balance.

RECOMMENDATION:

- **THAT the update be noted.**

6.11 HJO Relationship to Committee for the Hunter

Report Author: Joe James, CEO

Responsible Officer: Joe James, CEO

Executive Summary:

The CEO will provide a verbal report on engagement with the Committee for the Hunter, to date, and invite feedback from the Board on the nature of future engagement, including the options set out in the paper below.

Background

The creation of the Committee for the Hunter (**Committee**) poses a strategic question for the local government sector in the region.

At the General Manager's Advisory Committee it has been reported that the Committee for the Hunter has approached local government within the region about potentially becoming members.

The "Committee for ..." concept has had success in a number of localities as a geographically focused, independent think tank that drives public debate and advocacy around what makes each respective place attractive to live and work. In some places the model extends into the space of investment attraction.

Governance

The Committee for the Hunter is at an early stage of its development but has evolved rapidly over the last 12 months. A current membership list is provided as Attachment 14.

The Committee is, at this point in time, seeking to establish its strategic direction and supporting governance. This provides an opportunity for the Hunter JO, and local government generally, to choose how it shapes its relationship with the Committee and whether or not to support its success.

The briefing provided to the CEO is that the board of Committee will include 9 directly elected directors (elected by the members on the basis of one member, one vote). The board will then be authorised to appoint up to 4 other directors to address gaps in skills, sectors or local geographies.

Strategic direction of the Committee

The Committee has just commenced a national and international search for a CEO. The 'Success Profile' provided to candidates is provided as Attachment 15.

The Success Profile provides insight into the strategic direction and intent of the Committee, which is useful for the HJO to consider. The Success Profile is based on similar documents produced for the Committee for Sydney and Committee for Brisbane but adapted to the Hunter.

Role of local government in other 'Committees for ...'

The 'Committee For' concept is perceived to have been successfully implemented in other places, for example Sydney and Geelong.

In Geelong, the City of Greater Geelong is a member.

In Sydney, there are currently eight metropolitan councils listed as members plus the Southern Sydney Regional Organisation of Councils is also a member.

Observations from HJO member councils

Feedback on the Committee and its role from member councils has been both supportive and critical.

Objectively it can be said that its governance and membership has evolved considerably in the last twelve months.

It should also be noted that the Committee has publicly supported the HJO in its pursuit of a Intergovernmental Partnership (City-Regional Deal) and an MOU for the implementation of the Greater Newcastle Metropolitan Plan, including making specific representations to Minister Stokes on the later topic.

It should also be noted that the 'Committee for ...' concept has been positively and publicly acknowledged by varying governments for different policy contributions. This suggests that, having progressed this far within the Hunter, the concept will be given an opportunity to be assessed on its own merits and will be recognised, by the State Government at least, as having a role in regional representation.

Concern has been expressed about the Committee for the Hunter seeking to be a representative voice for the region whilst:

- being a member based organisation;
- charging fees that may preclude a representative sample of organisations and/or individuals across the region;
- not otherwise having a democratic mandate.

The proposed governance may assist in addressing some of these issues albeit that concerns remain and only time will tell whether the model can work across the geography of the Hunter.

It has also been noted that, given the recent statutory mandate provided to Joint Organisations (Particularly in relation to regional strategic prioritisation and advocacy), this will be the first time the concept of a 'Committee for' and a joint organisation could potentially exist within the same place.

It has also been noted that the current membership does not yet reflect its stated goal of representing the breadth of the Hunter or appropriate 'non-business' interests. It has been further noted that while this is a perceived weakness, this may also present a rationale for local government to become involved, whether on an LGA or JO basis.

Budget

There is no current budget allocation for Committee membership.

If the Board were to decide that membership should be pursued, it is recommended that to apply for the silver level (\$5000) and revisit the membership level in the 2020/2021 budget.

This is manageable in terms of cashflow and any overall budget adjustment can be considered in the budget review in January 2020.

Scenarios and Risks

Risks, upside and downside, to the HJO are best considered in light of whether membership of the Committee will help or hinder HJO's strategy objectives (particularly in relation to strategic prioritisation and advocacy).

Broadly speaking, where the Committee is **successful** in establishing itself as an effective regional advocate and legitimate representative voice, particularly to State and Federal Government:

- (HJO joins as a member or has a formal relationship with the Committee) – the HJO is able to access greater insight into the thinking of a number of key regional stakeholders as well as have an opportunity to influence and shape a collective narrative beyond that of local government alone; and
- (HJO decides not to pursue membership or a relationship with the Committee) - individual councils will potentially join the Committee for the Hunter at a greater cost to local government overall and fragmenting local government's collective voice through the HJO. The HJO may be perceived as being difficult to collaborate with.

Where the Committee is **unsuccessful** in establishing itself as an effective regional advocate and legitimate representative voice:

- (HJO joins as a member or has a formal relationship with the Committee) – the HJO is part of an unsuccessful collaboration and, at worst, is seen to legitimise an entity that was not able to be genuinely represent the people of the Hunter;
- (HJO decides not to pursue membership or a relationship with the Committee) - individual councils will potentially join the Committee for the Hunter at a greater cost to local government overall but the collective voice of the HJO will not be damaged by the Committee's failure.

Options

In simple terms, the options for the HJO are:

1. Take up membership of the Committee for the Hunter (Recommended level of membership – Silver)
2. Do not take up membership but seek to enter into some sort of formal relationship, potentially including defined roles, under an instrument such as an Memorandum of Understanding.
3. Do nothing.

7. Matters Raised by Voting & Non-Voting Representatives

No items were raised in advance of the meeting for discussion.

8. General Business

8.1 Forward Planner

| Agenda Items | 12 Sep 19 | 14 Nov 19 | Dec 19 / Jan 20 | Feb 20 | Apr 20 | Jun 20 |
|---------------------------|---|--|--|---|--------------------------|---------------|
| Location | HJO Boardroom | Parliament House, Sydney | | HJO Boardroom | HJO Boardroom | HJO Boardroom |
| Actions to Report Back On | Letter to Minister re: Emergency Services Levy Letter to Minister re: UPSS | | | | | |
| Projects | Hunter Events Strategy Update Advocacy Plan: Intergovernmental Partnerships | | HJO Website Update proposal to be brought to the Board | Strategic Plan Project Review | | |
| Presentations | Hunter Valley Flood Mitigation Scheme Hon. Michael Johnsen attending | Meeting w/ Minister Hancock | | | | |
| Matters Raised | Regional Economic Transition Standing Committee: Governance docs | | | | | |
| Finances | | | | 6 Month Budget Review | Adopting of 20/21 Budget | |
| Other / Admin | AGM: Auditors Report Proposed 2020 meeting schedule/dates | Hunter Councils Inc. AGM | | Possible Strategic Planning Day | | |
| Governance Requirements | | 28 Nov: Last day for notice of meeting date to present audited Financial Reports 30 Nov: Annual Performance Statement due | 28 Dec: Last day for annual performance statement to be published 31 Dec: Last day for preparation of, and publishing on JO website, the Statement of Strategic Regional priorities | 30 Jan: Public interest disclosures report due to NSW Ombudsman | | |

Report Author: Louisa Bulley, Executive Assistant to the CEO

Responsible Officer: Joe James, CEO

Executive Summary:

In order to begin planning the schedule of the Hunter Joint Organisation and its related entities for the next 12-18 months, a draft Board schedule has been proposed below for discussion.

Amendments have been made to the schedule provided to the Board at their last meeting, due to audit and election dates anticipated in 2020.

| GMAC / SSA Proposed Meeting Schedule 2020 | |
|---|---|
| • Thursday 30 January 2020 | Preparation for HJO 2019/20 budget review |
| • Thursday 26 March 2020 | 2020/21 Budgets Due (both HJO & SSA) |
| • Thursday 28 May 2020 | |
| • Thursday 30 July 2020 | |
| • Thursday 24 September 2020 | AGMs for LGL and SSA |
| • Thursday 26 November 2020 | |
| Hunter Joint Organisation Proposed Meeting Schedule 2020 | |
| • Thursday 13 February 2020 | Mid-Financial Year Budget Review |
| • Thursday 9 April 2020 | 2020/21 Budget Due |
| • Thursday 11 June 2020 | |
| • Thursday 13 August 2020 | AGM for HJO (incl. election of Chair) |
| • Thursday 8 October 2020 | (LG elections will have taken place in Sep '20) |
| • Thursday 10 December 2020 | |

Recommendation:

- **That the Board endorse the proposed schedule for 2020 Board Meetings**
- **That the Board discuss interest in having an additional date set aside in the 2020 schedule for an HJO Board Strategy Day**