



AGENDA

ORDINARY COUNCIL MEETING

TIME: 5.30PM

24 APRIL 2014

CITY OF WANNEROO

Managing waste and recovering resources responsibly
Constituent Members: Cities of Perth, Joondalup, Stirling, Vincent and Wanneroo
Towns of Cambridge and Victoria Park



**MINDARIE REGIONAL COUNCIL
NOTICE OF MEETING**

7 April 2014

Councillors of the Mindarie Regional Local Government are advised that an Ordinary Meeting of the Council will be held in the Council Chambers of the City of Wanneroo, 23 Dundobar Road, Wanneroo, at 5.30pm on Thursday 24 April 2014.

The agenda pertaining to the meeting is attached.

Your attendance is respectfully requested.

**BRIAN CALLANDER
CHIEF EXECUTIVE OFFICER**

MINDARIE REGIONAL COUNCIL - MEMBERSHIP

Cr R Fishwick JP (Russ) - Chair	City of Joondalup
Cr J Bissett (John) – Deputy Chair	Town of Victoria Park
Cr S Withers (Simon)	Town of Cambridge
Cr K Hollywood (Kerry)	City of Joondalup
Cr J Davidson OAM JP (Janet)	City of Perth
Cr D Boothman (David)	City of Stirling
Cr S Proud (Stephanie)	City of Stirling
Cr E Re JP (Elizabeth)	City of Stirling
Cr B Stewart (Bill)	City of Stirling
Cr J Carey (John)	City of Vincent
Cr R Driver (Russell)	City of Wanneroo
Cr D Newton JP (Dot)	City of Wanneroo

NB: Although some Councils have nominated alternate members, it is a requirement that a Council carries a specific resolution for each occasion that the alternate member is to act.

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1	DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS
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2	ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE
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3	DECLARATION OF INTERESTS
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Declaration of Financial/Conflict of Interest to be recorded prior to dealing with each item.

Disclosure of Financial and Proximity Interests

- (a) *Members must disclose the nature of their interest in matters to be discussed at the meeting. (Section 5.65 of the Local Government Act 1995).*
- (b) *Employees must disclose the nature of their interest in reports or advice when giving the report or advice to the meeting. (Sections 5.70 and 5.71 of the Local Government Act 1995).*

Disclosure of Interest Affecting Impartiality

- (a) *Members and staff must disclose their interest in matters to be discussed at the meeting in respect of which the member or employee has given or will give advice.*

4	PUBLIC QUESTION TIME
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5	ANNOUNCEMENTS BY THE PRESIDING PERSON
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6	APPLICATIONS FOR LEAVE OF ABSENCE
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7	PETITIONS / DEPUTATIONS / PRESENTATIONS
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The Community Engagement Advisory Group (CEAG) have indicated that they would like to make a presentation relating to their concerns on the performance of the Resource Recovery Facility. CEAG have indicated they will formalise this request in correspondence and have been advised that the correspondence must be received before close of business 16 April 2014 to comply with the Mindarie Regional Council Standing Orders.

8	CONFIRMATION OF MINUTES OF PREVIOUS MEETING
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8.1 ORDINARY COUNCIL MEETING – 20 February 2014

The Minutes of the Ordinary Council Meeting held on 20 February 2014 have been printed and circulated to members of the Council.

RESPONSIBLE OFFICER RECOMMENDATION

That the Minutes of the Ordinary Council Meeting of Council held on 20 February 2014 be confirmed as a true record of the proceedings.

9 CHIEF EXECUTIVE OFFICER REPORTS
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9.1	FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 JANUARY 2014 AND 28 FEBRUARY 2014
File No:	FIN/5-04
Appendix(s):	Appendix No. 1 Appendix No. 2 Appendix No. 3
Date:	2 April 2014
Responsible Officer:	Director Corporate Services

SUMMARY

The purpose of this report is to provide financial reporting in line with statutory requirements which provides useful information to stakeholders of the Council.

BACKGROUND

Reporting requirements are defined by Financial Management Regulations 34 of the Local Government (Financial Management) Regulations 1996.

The financial statements presented for each month consist of:

- Operating Statement by Nature – Combined
- Operating Statement by Nature – RRF Only
- Operating Statement by Function
- Statement of Financial Activity
- Statement of Reserves
- Statement of Financial Position
- Statement of Investing Activities
- Information on Borrowings
- Tonnage Report

DETAIL

The Financial Statements attached are for the months ended 31 January 2014 and 28 February 2014 and are attached at **Appendix No. 1 and 2** to this Item. The Tonnage Report for the 8 months to 28 February 2014 is attached at **Appendix No. 3**.

The complete suite of Financial Statements which includes the Operating Statements, Statement of Financial Position, Statement of Financial Activity and other related information are reported on a monthly basis.

The estimates for Provisions for Amortisation of Cell Development, Capping and Post Closure expenditure are based on the estimated rates per tonne calculated with reference to estimated excavation cost of various stages of the landfill and the life of the landfill. An adjustment is made (if necessary) at the end of the year based on actual tonnages on a survey carried out to assess the “air space” remaining and other relevant information.

Summary of results for the year to 28 February 2014

	Actual	Budget	Variance
	t	t	t
Tonnes – Members	237,864	216,057	21,807
Tonnes – Others	21,980	27,430	(5,450)
TOTAL TONNES	259,844	243,487	16,357
	\$	\$	\$
Revenue – Members	29,200,988	31,200,845	(1,999,857)
Revenue – Other	6,256,077	6,889,989	(633,912)
TOTAL REVENUE	35,457,065	38,090,834	(2,633,769)
Expenses	30,559,436	32,491,058	1,931,622
Profit on sale of assets	48,884	-	48,884
NET SURPLUS	4,946,513	5,599,776	(653,263)

Commentary

Member tonnes for the 8 months to February 2014 are 21,807t higher than budgeted, primarily as a result of increased tonnes from the City of Stirling (24,995t) offset by net minor reductions from the other councils.

Non-member tonnes continue to lag behind the budget, primarily as a result of the lower than budgeted commercial tonnes.

Member revenue is below budget primarily as a result of the reduction in the members' gate fee from \$149/t to \$120/t in October 2013, offset by the increase in tonnes mentioned above.

Expenses are also significantly below budget primarily as a result of the reduction in the RRF gate fee (\$1,093k) on the back of the members' gate fee reduction, coupled with other reductions across the business including reduced employee costs (\$278k) and reduced landfill expenses (\$483k).

VOTING REQUIREMENT

Simple Majority

RESPONSIBLE OFFICER RECOMMENDATION

That the Financial Statements set out in Appendix No. 1 and 2 for the months ended 31 January 2014 and 28 February 2014, respectively, be received.

9.2	LIST OF PAYMENTS MADE FOR THE MONTHS ENDED 31 JANUARY 2014 AND 28 FEBRUARY 2014
File No:	FIN/5-04
Appendix(s):	Appendix No. 4 Appendix No. 5
Date:	2 April 2014
Responsible Officer:	Director Corporate Services

SUMMARY

The purpose of this report is to provide details of payments made during the periods identified. This is in line with the requirement under the delegated authority to the Chief Executive Officer (CEO), that a list of payments made from the Municipal Fund since the last Ordinary Council meeting be presented to Council.

COMMENT

The lists of payments for the months ended 31 January 2014 and 28 February 2014 are at **Appendix 4 and 5** to this Item and are presented to Council for noting. Payments have been made in accordance with the delegated authority to the CEO which allows payments to be made between meetings. At the Ordinary Council Meeting held on 5 September 2013, the Council delegated to the CEO the exercise of its power to make payments from the Municipal Fund. In order to satisfy the requirements of Clause 13(2) of the Local Government (Financial Management) Regulations, a list of payments made must be submitted to the next Council meeting following such payments.

It should be noted that generally all payments are GST inclusive and the Mindarie Regional Council is able to claim this tax as an input credit when GST remittances are made each month to the Australian Tax Office.

Months Ended	Account	Vouchers	Amount
31 January 2014	General Municipal	Cheques	\$156,001.62
		EFT	\$5,295,399.54
		DP	\$294,411.10
		Total	\$5,745,812.26
28 February 2014	General Municipal	Cheques	\$119,123.47
		EFT	\$2,681,062.92
		DP	\$327,855.51
		Total	\$3,128,041.90

VOTING REQUIREMENT

Simple Majority

RESPONSIBLE OFFICER RECOMMENDATION

That the list of payments made under delegated authority to the Chief Executive Officer, for the months ended 31 January 2014 and 28 February 2014 be noted.

9.3	AUDIT COMMITTEE RECOMMENDATIONS FOR CONSIDERATION BY COUNCIL
File No:	COR/22-03
Appendix(s):	Appendix 6 Appendix 7 Appendix 8
Date:	2 April 2014
Responsible Officer:	Director Corporate Services

SUMMARY

The purpose of this report is to present the recommendations of the Mindarie Regional Council (MRC) Audit Committee to Council for consideration.

BACKGROUND

The MRC's Audit Committee has met in February and March 2014 and has made recommendations for consideration by Council with respect to three issues:

- 1) The challenges facing local governments in recruiting suitably qualified external audit committee members
- 2) Revisions to the Audit Committee's terms of reference given recent changes to guidelines published by the Department of Local Government
- 3) The appointment of a new external Audit Committee member

DETAIL

1. Difficulties in recruiting external Audit Committee members

The manner in which the local government legislation is drafted prevents fees being paid to external audit committee members for the services they render. Instead, they may only be reimbursed for expenses incurred in the performance of their duties.

The MRC's experience in trying to recruit a new external audit member is that the potential field of applicants is significantly narrowed as a result of this provision. The Audit Committee considered that it was less likely that local governments would be able to attract an external member with the requisite skills and experience where the councils were prohibited for paying a commensurate fee for services rendered.

The Audit Committee was of the view that this matter should be brought to the attention of the Minister for Local Government.

AUDIT COMMITTEE RECOMMENDATION

That the Council writes to the Minister for Local Government outlining the challenges being faced in trying to recruit an external audit committee member as a result of the limitations of the Local Government Act preventing a fee to be paid to a suitably qualified person to be the external audit committee member of the Audit Committee.

2. Revisions to the Audit Committee's terms of reference

The Audit Committee's terms of reference were last reviewed in October 2005. In late 2013, the Department of Local Government published an updated guideline with respect to the functioning of Audit Committees in Local Government. Among other changes, the revisions extended the responsibility of the Audit Committee to include Risk. A copy of the guideline is included at **Appendix 6**.

In response to the changes, the Audit Committee is recommending a number of changes to the terms of reference. The original terms of reference are included at **Appendix 7**. The revised terms of reference are included at **Appendix 8**.

The main changes to the terms of reference which were proposed include:

- Making allowance for the appointment of an external Audit Committee member, as well as setting the qualifications required of the member and their reimbursement
- Revising the meeting frequency and establishing the quorum required for meetings
- Broadening the Audit Committee's role to include the consideration of:
 - The financial report
 - The annual compliance return
 - The CEO's biennial systems review
 - Major lawsuits affecting the MRC
 - Material risks affecting the MRC
- Changing the Audit Committee's role from needing to '*Recommend adoption...*' of the financial report to '*Consider recommending adoption...*' of the financial report to make allowance for the possibility that the Audit Committee may not endorse the report as presented in every instance.

AUDIT COMMITTEE RECOMMENDATION

That the Council adopts that the revised terms of reference with the following changes:

- a) That under point 4, the meeting frequency shall be changed from '*as and when required*' to '*at least once a year*'; and
- b) That under point 6(p), '*Recommend adoption...*' shall be changed to '*Consider recommending adoption...*'

3. Appointment of a new external Audit Committee member

With the expiry of Mr Alex Dermedgoglou's term as external Audit Committee member in late 2013, the Audit Committee commenced a process to recruit a new external member.

Advertisements for suitable candidates were published in the Weekend West Australian and on the Australian Institute of Company Directors' website.

Two applications were received, both from suitably qualified and experienced candidates. Both candidates were presented to the Audit Committee at its March 2014 meeting for consideration.

The candidates' resumes have been distributed under separate confidential cover to the Councillors.

AUDIT COMMITTEE RECOMMENDATION

- a) That the Audit Committee recommends to Council that:
- i. Both Ms Gayle Rogers and Ms Lorraine Hannett be endorsed as suitable candidates for the position of external audit committee member.
 - ii. Ms Rogers be offered the position of external audit committee member for a two year term, ending in April 2016; and
 - iii. In the event that Ms Rogers is unable to accept the appointment the Audit Committee by given delegated authority to appoint a suitably qualified person to the position.
- b) That the candidate appointed to the role is to meet with the Director Corporate Services ahead of the next Audit Committee meeting.

VOTING REQUIREMENT

Simple/Absolute Majority

AUDIT COMMITTEE RECOMMENDATION

- 1) That the Council writes to the Minister for Local Government outlining the challenges being faced in trying to recruit an external audit committee member as a result of the limitations of the Local Government Act preventing a fee to be paid to a suitably qualified person to be the external audit committee member of the Audit Committee.
 - 2) That the Council adopts that the revised terms of reference with the following changes:
 - c) That under point 4, the meeting frequency shall be changed from ‘*as and when required*’ to ‘*at least once a year*’; and
 - d) That under point 6(p), ‘*Recommend adoption...*’ shall be changed to ‘*Consider recommending adoption...*’
(*Absolute Majority*)
 - 3) That the Audit Committee recommends to Council that:
 - i. Both Ms Gayle Rogers and Ms Lorraine Hannett be endorsed as suitable candidates for the position of external audit committee member.
 - ii. Ms Rogers be offered the position of external audit committee member for a two year term, ending in April 2016; and
 - iii. In the event that Ms Rogers is unable to accept the appointment the Audit Committee by given delegated authority to appoint a suitably qualified person to the position.

b) That the candidate appointed to the role is to meet with the Director Corporate Services ahead of the next Audit Committee meeting.
(*Absolute Majority*)
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9.4	TOUR OF WASTE TO ENERGY FACILITIES IN THE UNITED KINGDOM
File No:	CMR/29
Appendix(s):	Nil
Date:	25 March 2014
Responsible Officer:	Chief Executive Officer

SUMMARY

The Chief Executive Officer (CEO) is taking annual leave in May to catch up with his family in Scotland. The CEO's visit to Scotland provides an opportunity to inspect Waste-to-Energy plants in England where many of these plants are currently operating.

BACKGROUND

The Waste Authority's objective to plan for infrastructure solutions in the Metropolitan Area and Peel region to meet diversion from landfill targets has resulted in significant interest from international and local companies to provide Waste-to-Energy solutions in Western Australia. These targets were considered when the MRC developed its Strategic Plan, where construction of an alternative waste treatment plant is planned for 2020. The CEO's visit to Scotland provides a cost effective opportunity to visit plants in England to obtain firsthand knowledge and information on the operations of these type of plants.

DETAIL

SITA and the Martin Group are two significant international companies that have plants up and running in England and have indicated a willingness to assist the CEO in gaining access to these plants.

The CEO is taking leave between Monday 5 May through to Friday 23 May 2014 and will be in Scotland for that duration. The plants that are being offered for inspection are all in England (refer table below) and can be visited by the CEO from Monday 26 May to Friday 30 May 2014.

Location	Plant Type	Capacity
Martin Group Sheffield	Reverse Acting Grate Combustion	220,000 tonnes per annum
Martin Group Lincolnshire	Reverse Acting Grate Combustion	165,000 tonnes per annum
SITA Newcastle	Combustion and Gasification (new)	390,000 tonnes per annum 350,000 tonnes per annum
SITA Suffolk	Combustion	269,000 tonnes per annum

The incremental cost associated with the visit to the sites is approximately \$4,000 as detailed in the following table:

VEHICLE	HOTEL/MOTEL	EXPENSES
\$300 per day for seven days	\$250 per night for six nights	\$75 per day as per Council Policy CP04
\$2,100	\$1,500	\$450
TOTAL		\$4,050

LEGAL COMPLIANCE

Nil

FINANCIAL IMPLICATIONS

Currently the 2013/14 Budget has allocated \$6,000 (GL 4207) for the CEO's attendance to interstate conferences, of which \$4,700 is still unspent. The CEO will not be attending any conferences in this financial year, therefore the funds set aside can be used to fund the visits to the Waste-to-Energy Plants.

STRATEGIC/COMMUNITY AND CORPORATE/BUSINESS PLAN IMPLICATIONS

The visits to the Waste-to-Energy Plants will assist the MRC in meeting its strategic objectives and strategies as follows:

Strategic Community Plan 2013/14 - 2033/34	
Objective 1	Long Term Viability
Strategy 1.2	Manage and acquire suitable assets to achieve an optimal mix of waste management solutions
Objective 3	Sustainable Waste Management
Strategy 3.4	Partner with organisations in order to further develop new and innovative approaches to waste minimisation and resource recovery

Corporate Business Plan 2013/14 – 2016/17		
Strategies	Actions	Responsible Officer
3.1.3	Keep up with trends in the waste industry by networking and attending relevant courses and conferences	CEO

COMMENT

The CEO's leave to Scotland provides a cost effective opportunity to allow him to see firsthand different types of Waste-to-Energy solutions, being combustion and gasification. The CEO would provide a report on his findings and the differences between combustion and gasification processes.

VOTING REQUIREMENT

Absolute Majority

RESPONSIBLE OFFICER RECOMMENDATION

That the Council:

1. Approves the Chief Executive Officer's visits to the Waste-to-Energy sites in England as presented in the details section of this report.
2. The costs of visiting the sites, estimated to be \$4,050, be funded from GL 4207 – CEO Conferences.

(Absolute Majority Required)

9.5	SORTING SHED PROPOSAL
File No:	WST/202
Appendix(s):	Appendix No. 9 Appendix No. 10 Appendix No. 11
Date:	4 April 2014
Responsible Officer:	Director Corporate Services

SUMMARY

The purpose of this report is to present the business case for the construction of a Materials Sorting Shed (MSS) by the Mindarie Regional Council (MRC) to Council for consideration.

BACKGROUND

The Waste Authority in its strategy paper published in 2012, *'Creating the Right Environment'*, set some long term targets for waste diversion from landfill – 50% diversion by 2015 and 65% diversion by 2020.

As part of its strategy setting process conducted in 2013, the MRC used the Waste Authority's waste diversion targets as key factors in setting the MRC's strategic approach to waste management over the next 20 years.

An analysis of the region's waste, coupled with expected population growth, led the MRC to form the opinion that the only meaningful way to improve its waste diversion was through the construction of new alternative waste treatment (AWT) facilities.

The MRC's strategy recognises that its member councils are conducting activities in their own right, particularly as regards greens waste and yellow top bin collections, which contribute significantly towards the achievement of the regional waste diversion targets. Notwithstanding this, the waste received by the MRC constitutes a significant portion of the region's waste and as a result, the MRC needs to pursue further AWT options.

The MRC's strategy identified the member councils' bulk verge waste stream as one which could be processed at a comparatively low cost, while still achieving significant waste diversion results.

In response to this, a MSS was identified as the first of a number of AWTs that the MRC was proposing to construct to help achieve the region's waste diversion targets and provision was made in the 2013/14 for the construction of a MSS, subject to separate approval by Council.

The concept of the MSS has been discussed in both the Technical Working Group (TWG) and Strategic Working Group (SWG) forums, as well as at various strategy presentations to Councillors and member council CEOs and officers.

DETAIL

In line with the commitment made during the budget setting process, a business analysis of the proposed MSS construction and operation has been prepared for consideration by Council.

Concept design and location

In looking at a design for the MSS, the proposal is to proceed with a ‘flat floor’ general purpose shed which will provide the greatest versatility over time. This recognises that the items the MRC is looking to recover from the waste or the waste stream itself may change over time and the more versatile the infrastructure that can be built, the better.

A simple ‘flat floor’ design would also be versatile enough to accommodate a variety of waste delivery systems (trucks, skip bins, etc.).

Preliminary analysis suggests that the MSS and associated infrastructure would require an area of approximately 4,000 square metres. The MSS could comfortably be built on land available at the Tamala Park landfill site or alternatively at the RRF precinct in Neerabup.

A high level design plan and suggested locations at either Tamala Park or the RRF precinct are included at **Appendix 9**.

Feedstock

For the 3 months from October to December 2013, the MRC received approximately 20,000 tonnes of waste from its member councils’ bulk verge collections (excluding green waste). For the purposes of the base case modelling, the assumption is that the MRC will continue to receive 80,000 tonnes of bulk verge feedstock per annum.

Based on a study of the region’s bulk verge collections commissioned by the MRC in 2009, the following waste composition statistics were identified by tonnage:

<u>Material composition</u>	
Metal	30%
Timber	27%
Carboard	12%
Rubble	5%
Other	26%
	<u>100%</u>

A copy of the report is included at **Appendix 10**.

Based on the expected tonnages and the composition data shown above, the MSS would look to recover at least the metal, timber, cardboard and rubble components of the waste stream. It is anticipated that mattresses would also be recovered, but they do not represent a significant portion of the waste stream based on weight.

This would lead to a potential 69% diversion of this waste stream from landfill.

Operation

The actual sorting process itself will be very simple, with 3 employees using a combination of a multi-track loader and an exactor fitted with a grab to separate and sort the material.

It is proposed that the cost of the MSS operations and the associated capital cost would be recovered through the members’ gate fee over the 5 year period.

Materials recovered through the process will either be sold at commercial rates to offset the cost of the operations or disposed of at the lowest possible commercial rates.

Once separated, the waste components will be loaded into hook lift bins and transported to their end destinations, as outlined below:

Metal	Sold to a recycler at commercial rates
Timber	Processed by a recycler at commercial rates
Cardboard	Sold to a recycler at commercial rates
Rubble	Taken to a class 1 landfill
Other	The residue of the process would be landfilled at Tamala Park at the members' gate fee

Once in operation, the 'Other' fraction could well be further separated to divert other worthwhile waste streams. In addition, options exist for the rubble component to be taken to Construction and Demolition (C&D) waste recyclers, thereby further increasing the diversion rate.

In order to ensure that the MSS is operated in the most cost efficient manner, it is anticipated that the contract to operate the facility would be put to a competitive tender process. The MRC would submit an in-house bid.

The MRC would purchase all the equipment necessary to operate the MSS and include the ongoing maintenance and replacement of the equipment, as well as a capital cost charge, as part of the tender requirements. This protects the MRC from major capital costs should it have to take the operation of the MSS in house in the future.

Financial modelling

As with all financial modelling, significant assumptions often need to be made as exact reference data is not always available. This is particularly true in this instance, where the composition of the waste may well have changed from the time when the composition study report was commissioned in 2009. The report however presents the best available information that we have at this point in time.

It is recommended that the MSS is run as part of the MRC's normal operations, with its costs absorbed into the members' gate fee.

Based on the initial modelling and working to 80,000 tonnes of feedstock per annum, it is expected that there would be a \$1.40 per tonne decrease in the members' gate fee in the first year, decreasing to a \$0.22 reduction in the fifth year of operation. Basically, the MSS would be cost neutral to run.

This is achieved through the relatively low intrinsic cost of the infrastructure and ongoing operations, coupled with realising commercial rates for the materials recovered.

Strategically, the process will divert approximately 55,200 tonnes from landfill - an improvement of 17.6% on the MRC's current waste diversion rate.

As a result, the MSS is regarded as an extremely cost effective way of dramatically improving the MRC's waste diversion rate.

Even in the scenario where no Waste Authority funding is received for the project, the impact on the members' gate fee would be less than \$1 per tonne.

The detailed workings for the proposal are included at **Appendix 11**.

Where individual councils or members of the public are allowed to recover significant quantities of material (e.g. steel) from the bulk verge waste stream before it is delivered to the MRC, this would naturally decrease the cost effectiveness of the project. This should be avoided or controlled in order for this project to be fully successful.

Discussions have been held with Waste Authority representatives with regard to obtaining funding from its Regional Funding Program. This program is a five year program that supports regional groups of local governments across Western Australia in the implementation of Strategic Waste Management Plan and closes on 27 June 2014. The discussions were positive and indicated that the MSS would likely qualify for a level of funding. Mr Ian Watkins has been engaged to submit a funding proposal to the Waste Authority, should the Council resolve to approve the MSS and should all 7 member councils continue to provide their bulk verge waste stream to the MRC over a 5 year period.

<u>Profitability Analysis</u>	June 2015	June 2016	June 2017	June 2018	June 2019
Steel sales	3,960,000	3,960,000	3,960,000	3,960,000	3,960,000
Cardboard sales	336,000	336,000	336,000	336,000	336,000
Total revenue	4,296,000	4,296,000	4,296,000	4,296,000	4,296,000
Disposal cost - rubble	110,000	110,000	110,000	110,000	110,000
Disposal cost - timber	172,800	172,800	172,800	172,800	172,800
Disposal cost - residue	2,579,200	2,686,694	2,765,415	2,846,674	2,930,125
Operator costs	240,000	252,000	264,600	277,830	291,722
Fuel	50,000	52,500	55,125	57,881	60,775
Incidentals	100,000	105,000	110,250	115,763	121,551
Capital cost recovery	519,700	519,700	519,700	519,700	519,700
Revenue forgone at Tamala Park					
Total costs	3,771,700	3,898,694	3,997,890	4,100,648	4,206,673
Net profit	524,300	397,306	298,110	195,352	89,327
Total Member tonnes	378,293	380,365	388,374	396,485	404,585
Reduction in the members' gate fee	1.39	1.04	0.77	0.49	0.22

Diversion of the bulk verge collections to parties other than the MRC

When considering the per tonne rates for commercial alternatives that may be available to individual member councils, it is worth noting that as tonnes are diverted away from the MRC, the gate fee for the remaining tonnes processed by the MRC increases as a consequence.

As a result, to achieve the best possible outcomes it is recommended that before the MSS proceeds to construction, each member council be required to provide a commitment to deliver its bulk verge collection waste stream to the MRC for processing for the next 5 years.

The consequences of individual member councils processing their waste with operators other than the MRC are best illustrated in the example below:

		Current Position	Tonnes Diverted	Variable cost Reduction	Revised Position
A	Total member costs	46,908,000		901,127	46,006,873
B	Tonnes to the MRC	378,293	20,000		358,293
A / B	Members' gate fee	<u>124.00</u>			<u>128.41</u>
	<i>Lost contribution to fixed costs for the diverted tonnes</i>				1,578,856 <i>(128.41 - 124.00) x 358,293</i>
	Cost per tonne of diverted tonnes				78.94 <i>(1,578,856 / 20,000)</i>

STRATEGIC IMPLICATIONS

This proposal aligns directly with the MRC's overall vision of "Winning Back Waste" and would serve to dramatically increase the MRC's overall waste diversion statistics.

The infrastructure proposed is also in line with the approved budget and capital expenditure program.

FINANCIAL IMPLICATIONS

The capital expenditure required for the building infrastructure of up to \$4M has been approved in the 2013/14 budget.

The costs associated with the purchase of the vehicles and equipment and the additional staff members required, would need to be included in the 2014/15 budget as appropriate.

It is expected that there would be a \$1.40 per tonne decrease in the members' gate fee in the first year of operation, decreasing to a \$0.22 reduction in the fifth year of operation.

Discussions have been held with Waste Authority representatives with regard to obtaining funding for a part of the proposal. The discussions were positive and indicated that the MSS would likely qualify for a level of funding. Mr Ian Watkins has been engaged to submit a funding proposal to the Waste Authority, should the Council resolve to approve the MSS and should all 7 member councils continue to provide their bulk verge waste stream to the MRC over a 5 year period.

CONSULTATION

The broad concept plan has been discussed with the SWG, the TWG and Councillors, member council CEOs and Officers are various strategy presentations.

The concept has also been discussed at a high level with Mr Ian Watkins.

COMMENT

The construction of the MSS presents an excellent opportunity to increase the MRC's diversion rate, in a very cost efficient manner. This type of project highlights the MRC's ability to act as a regional aggregator to achieve economies of scale benefits for its member council.

This project also has the strongest possible alignment to the MRC's strategic plan and starts the MRC off positively in being able to deliver on the commitments made in the strategic plan.

Where the initial project is successful, there may even be capacity for a second phase at either of the two proposed locations.

VOTING REQUIREMENT

Simple Majority

RESPONSIBLE OFFICER RECOMMENDATION

A That the Council:

- 1. Approve, in principle, the construction of the Material Sorting Shed (MSS) at either Tamala Park or Pederick Road up to a value of \$4M to accommodate the processing of the member councils' bulk verge waste stream (excluding green waste) subject to the member councils committing to send their bulk verge waste stream (excluding green waste) to the MRC for processing for a period of 5 years based on the business case presented in the details section of this report.**
- 2. Receive a further report, detailing the most appropriate location and preliminary design options for the MSS (including preliminary costings) should all the member councils commit to providing their bulk waste as detailed in (1) above.**

- B. That the Council proceed with a submission to the Waste Authority for funding towards the MSS using the location, preliminary designs and costings detailed in A.2. and including the cost of the vehicles and equipment necessary to operate the MSS prior to the funding of its regional Funding Program deadline of 27 June 2014.**
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10 MEMBERS INFORMATION BULLETIN – ISSUE NO. 16

RESPONSIBLE OFFICER RECOMMENDATION

That the Members Information Bulletin Issue No. 16 be received.

11 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

12 URGENT BUSINESS

13 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

14 MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

This report is Confidential in accordance with Section 5.23 (2) (d) of the Local Government Act 1995 as it contains advice from MRC's solicitors and may result in a contract being entered into.	
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14.1	RESOURCE RECOVERY FACILITY – REQUEST FROM BIOVISION TO INCREASE PLANT MAINTENANCE COSTS
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File No:	WST/147-03
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Appendix(s):	
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Date:	
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Responsible Officer:	Chief Executive Officer
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THIS ITEM IS CONFIDENTIAL,

NOT FOR PUBLIC VIEWING.

SEPARATE COVER TO ELECTED MEMBERS

This report is **Confidential** in accordance with Section 5.23 (2) (c) of the Local Government Act 1995 as Council's decision may result in a contract being entered into.

14.2 TENDER FOR RECYCLING OF SCRAP STEEL/METAL

File No: WST/198

Appendix(s):

Date:

Responsible Officer: Resource Recovery Manager

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NOT FOR PUBLIC VIEWING.

SEPARATE COVER TO ELECTED MEMBERS

This report is **Confidential** in accordance with Section 5.23 (2) (c) of the Local Government Act 1995 as Council's decision may result in a contract being entered into.

14.3	TENDER FOR RECYCLING OF MATTRESSES
File No:	WST/200
Appendix(s):	
Date:	
Responsible Officer:	Resource Recovery Manager

THIS ITEM IS CONFIDENTIAL,
NOT FOR PUBLIC VIEWING.

SEPARATE COVER TO ELECTED MEMBERS

15 NEXT MEETING

Special Council Meeting: Thursday 12 June 2014 commencing at 6.00pm, venue to be confirmed.

Ordinary Council Meeting: Thursday 3 July 2014 in the Council Chambers at City of Stirling commencing at 5.30pm.

16 CLOSURE
