



AGENDA

SPECIAL COUNCIL MEETING

THURSDAY 24 JUNE 2010

TIME – 5.30PM

VENUE – TOWN OF CAMBRIDGE

Managing waste and recovering resources responsibly

Constituent Members: Cities of Perth, Joondalup, Stirling, and Wanneroo. Towns of Cambridge, Victoria Park and Vincent



MINDARIE REGIONAL COUNCIL

NOTICE OF MEETING

24 June 2010

Councillors of the Mindarie Regional Local Government are respectfully advised that a Special Meeting of the Council will be held in the Council Chambers of the Town of Cambridge, 1 Bold Park Drive, Floreat, at 5.30pm on Thursday 24 June 2010.

The business papers pertaining to the meeting follow.

Your attendance is requested.



KEVIN POYNTON
Chief Executive Officer

MINDARIE REGIONAL COUNCIL - MEMBERSHIP

Cr J Bissett (John)	Town of Victoria Park
Cr D Boothman (David)	City of Stirling
Cr R Butler (Rob)	City of Perth
Cr S Cooke (Sharon)	City of Stirling
Cr S Farrell (Steed)	Town of Vincent
Cr R Fishwick (Russ)	City of Joondalup
Cr L Gray (Laura)	City of Wanneroo
Cr K Hollywood (Kerry)	City of Joondalup
Cr D Newton (Dot)	City of Wanneroo
Cr C MacRae (Corinne)	Town of Cambridge
Cr J Robbins (Jason)	City of Stirling
Cr B Stewart (Bill)	City of Stirling

AGENDA
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1	OATHS/AFFIRMATIONS OF ALLEGIANCE AND DECLARATIONS OF OFFICE
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2	QUESTION TIME
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3	ATTENDANCE AND APOLOGIES
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4	ANNOUNCEMENTS
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5	DEPUTATIONS
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6	BUSINESS FROM A PREVIOUS MEETING TREATED AS AN ORDER OF THE DAY
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7	REPORTS
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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 5.6B and 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.*

7.1	BUDGET 2010/2011
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MRC OFFICER RECOMMENDATION

That Council:

- (i) **approve the Members Fee of \$105/tonne under the Single Fee Model**
 - (ii) **note the possible impact of the Single Fee Model on Non-Processable tonnages from City of Stirling and likelihood of an adjustment in Members Gate Fee for 2010/2011**
 - (iii) **adopt the draft Budget for the Mindarie Regional Council for Financial Year 2010/2011**
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- (iv) endorse the on-going strategy of deferred payment of operational surplus, as approved by Council at its August 2005 meeting, for the FY 2005/2006 and future years to meet its on-going capital requirements
 - (v) approve the use of an on-going overdraft facility of \$1 million to manage cashflow 'short falls' during FY 2010/2011 and future years
 - (vi) approve the capital budget allocation of \$21.61m in respect of the Landfill Excavation, Purchase of Land, RRF Infrastructure, Tarpomatic System, Workshop Extension and Ground Maintenance Shed to be carried forward from 2009/2010 to 2010/2011
 - (vii) approve the operational budget allocation of \$1m in respect RRF Contractors Fees, Environmental Monitoring and upgrade of Financial Systems to be carried forward from 2009/2010 to 2010/2011
 - (viii) note that the loan of \$6.6m approved in 2008/2009 to fund the Phase 3 landfill excavation will not be drawn in 2010/2011 due to phasing of the Lining project over 4/5 years commencing 2010/2011 but may be required in future years

8	NOTICES OF MOTION FOR CONSIDERATION AT THE FOLLOWING MEETING
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9	NEXT MEETING
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9.1 Ordinary Council Meeting

- 1 July 2010
- 5.30pm
- City of Stirling

10	CLOSURE – MEETING DECLARED CLOSED
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ITEM 7.1 BUDGET 2010/2011

File No: FIN/9

Attachment(s):

- 1. Business Plan 2010/2011**
- 2. Operation Statement by Nature & Type
Operation Statement by Program
Charts Revenue and Expenditure**
- 3. Schedule of Capital Expenditure
Schedule of Disposal of Assets**
- 4. Schedule of Fees – Non Members**
- 5. Supplementary Financial Statements
Loan Schedules**
- 6. New Initiatives**
- 7. Statement of Financial Activity**
- 8. Cashflow Statement**
- 9. Retained Surplus Schedule**

Author: Kalwant Dhillon

SUMMARY

The purpose of this report is to present to Council the draft Budget Papers for 2010/2011 for discussion, suggestion and comments with the view to finalisation by end June 2010.

BACKGROUND

Council at its meeting held on 22 April 2010, resolved, inter alia, at Item 8.1.1, as follows:

That Council:

- (i) Note the information in this Item in relation to a review of the MRC member fee model*
- (ii) Adopt a single fee model as the basis for determining the fee for the acceptance of waste from member Councils for the 2010/2011 budget*
- (iii) Authorise the CEO to present a report to the Council Budget Workshop scheduled for 13 May 2010, on the characteristics of the 'Single Fee' model*

Supporting documentation provided as Attachments were as follows:

- **Attachment One**
 - Workshop 31 March 2010 - Agenda
 - **Attachment Two**
 - Workshop 31 March 2010 – Deloitte Touché Tohmatsu Presentation
 - **Attachment Three**
 - Single Fee Option Presentation by City of Joondalup
 - **Attachment Four**
 - Letter – City of Stirling
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The Council, at its meeting held on 22 April 2010 at Item 8.2.5 resolved:

That Council:

- (i) *note the methodology used for the Budget Planning and Strategic Budget for 2010/2011*
- (ii) *note the new initiatives*
- (iii) *note Members' Single Gate Fee of \$113 - \$119 (ex GST) for financial year 2010/2011 for budget planning purposes*
- (iv) *Approve the Schedule of Fees and Charges relating to commercial and casual uses at Attachment One in respect of financial year 2010/11*

Supporting documentation provided as Attachments were as follows:

- **Attachment One**
 - *Schedule of Proposed Fees and Charges 2010/2011*
- **Attachment Two**
 - *2010/2011 Members Fees – Additional Budgetary Information*
- **Attachment Three**
 - *New Initiatives*

BUDGET WORKSHOP – 13 MAY 2010

Based on the feedback and comments received from the Councillors and Officers at the initial Budget Workshop held on 13 May 2010 as well as the further feedback from the member Councils' Officers at the Inaugural Strategic Projects Committee meeting on 14 May 2010, the key areas where there were expectations for change were identified as follows:

- Reduction of Operational Expenditure to maintain an accepted level of service
- Consideration of level of Surplus required for 2010/11 in the context of managing the business of the Regional Council
- Additional information on the Surpluses retained in the business
- Investigation into the option of creating 'Restricted Reserves' requirements in the context of MRC business

These were addressed in the papers for the Budget Workshop held on 3 June 2010.

Operational Expenditure

In line with the above, the Administration reviewed the Operational and Capital Expenditure of MRC and reduced the Operating Expenditure by approx. \$1.1m from \$44.5m to \$43.4m. The reduction in expenditure is summarised below.

<u>Tamala Park</u>	
Employee Cost	55,000
Consultants	108,000
Communication & Publication	160,000
Office Expense	5,000
Plant & Equipment & Operating Hire	76,000
Borrowing Expenses	10,000
Administration Expenses	12,000

Landfill Expenses	120,000
DEP Levy	268,000
	814,000
RRF	
Environmental Monitoring	50,000
Compost Disposal	50,000
Reduction in Residual Cost (drop in Members' Fee)	170,000
	270,000
Total Reduction	\$1,084,000

This suite of adjustments reflects a lower level of activity to that described in the papers for Budget Workshop (13 May 2010).

Level of Surplus – 2010/11

The Administration also reviewed the level of surplus for the year in the context of MRC business and recommended that the following Other Revenue be contra off against expenditure for the purpose of calculation of Members' Fee.

- Sale of Recyclable Income \$340,000

Members' Surpluses

In addition to the above, the Administration also recommended that the Members' Surplus of \$1.9m (refer comments under Surpluses below) be utilised to soften the impact of introduction of the Single Fee.

The combination of the impact of the reduction of operating expenditure, other revenue contras and utilisation of Member Surpluses brought forward produced an estimated reduction in Members Fees of \$4.50/tonne.

BUDGET WORKSHOP – 3 JUNE 2010

The second Budget Workshop was held on 3 June 2010 and summarised below are the changes agreed at the workshop.

Surplus

Workshop attendees agreed that \$1m from estimated surplus of \$2.5m to be used as 'fees offset' for members.

Deletions from Draft Budget

Workshop attendees agreed following deletions from draft Budget:

- Disability Access Plan (\$10k)
 - Review of Business Systems (\$15k)
 - Marketing/Education 0.5 FTE and Casuals (\$55.5k)
 - RRF Open Day (\$30k)
 - RRF DVD deleted (\$6k) - Brochure retained at \$2k
 - RRF Advertising (\$72k)
-

Reductions in Budget

Workshop attendees agreed following reductions to draft Budget:

- Consultancy
 - Financial Advice (reduced to \$40k)
 - Technical Support (reduced to \$15k)
 - Architectural Support (reduced to \$15k)
 - Relief for Finance Staff (reduced to \$15k)

Rework

Workshop attendees agreed 'CEO rework' as follows:

- Corporate Communications Strategy (to max \$60k) – Revised to \$95,000. This is compensated by Waste Education Program being lower than \$300,000 – which was the amount suggested at the 3 June Budget Workshop
- Waste Education (to reduce estimate from \$404,000) – Revised to \$278,000
- Capital (Buildings) – Revised to \$107,500 with \$212,500 deferred to 2011/12

The amendments relating to the above have been reflected in the attached Budget Papers.

Further questions were raised in relation to PAG and RRF Specialist Consultants and these were provided in the Workshop Notes for 3 June 2010 circulated to Councillors and Member Council Officers on 16 June 2010.

STRATEGIC REFERENCE DOCUMENTS

The business of MRC is managed in line with:

- 20 year Strategic Plan (approved by Council on 23/10/2008)
- 20 Year Strategic Financial Plan (approved by Council on 03/07/2008)

The Strategic Financial Plan is prepared on the basis that Mindarie Regional Council remains a self-funded viable organisation going forward and be able to fund its Capital Expenditure Program in the future, meets its ongoing operational commitments, loans commitments and has adequate cashflow to manage the business. One of the objectives is to retire all MRC debts by 2016/17 (i.e. minimise Gate Fees) and have sufficient cash to fund future capital expenditure.

Some of the key assumptions in the preparation of the Strategic Financial Plan are:

- Operational surpluses will be retained for the funding of capital and unforeseen operational requirements and on-going cashflow requirements of the Regional Council
 - Gate fees for Member Councils (Members) will be based on MRC recovering its full cost (i.e. based on a Cost Recovery Model)
 - Gate fees for 'Casuals' (including Commercial Customers) will be at a premium to those of Member Councils (i.e. at Commercial Rates)
 - MRC will source its funds for its capital expenditure from its operational surpluses and new loans
-

These key documents are used during the Budget F10/11 process are as follows:

- Strategic Plan 2009-2029
 - used for derivation of Annual Business Plan FY 2010/2011.
- Strategic Financial Plan
 - the budget for 2010/2011 is developed within the parameters of the Strategic Financial Plan and takes into account the current economic conditions, demand of business, environmental and other relevant factors.

SURPLUSES

The Operational Surpluses in the Strategic Financial Plan are defined into two areas.

Members Surplus

Member Fees, as mentioned above, are at cost and based on a Cost Recovery Model. Variations do arise between Actual and Budget Costs and these surpluses (or deficits) are accounted for under 'Members Surplus' (deficits).

The annual Members' surpluses, in line with policy on 'Approach for Recovery of Member Gate Fees Undercharge' (approved in December 2006), will be finalised based on the audited financial statements for the respective years and are available for offset for future year's calculation of Gate Fees for Members.

The balance at 30 June 2009 is \$1.9m and the schedule is attached at Attachment 9.

MRC administration recommends that this surplus be utilised over 3 years commencing 2010/11 to lower the Gate Fees for Member Councils for the next 3 years. This equates to the use of approximately \$633,000 per year.

Non Members Surpluses

These are surpluses arising from the Commercial/Casual Tippers and in conjunction with the Income arising from Other Revenue in relation to mainly Gas Power Generation, Interest Receivable and Sale of Recyclables Materials are retained in the business, in line with the Strategic Financial Plan, to fund the Capital and unforeseen Operational Requirements as well as on-going cashflow requirements of the organisation.

Balances at 30 June 2009

The surpluses to 30 June 2009 are \$22,315,108 and these are summarised below.

	Members	Non-Members / Other Income	Total
Financial Previous Years to 30/06/2009	1,945,856	21,925,469	22,315,105
FY 2009/2010 (estimated)			4,200,000
Projected Balance at 30 June 2010			26,515,105

(a)

Less:			
Proposed transfer to Reserve for RRF Operational Requirements	-	5,000,000	5,000,000
BALANCE			\$21,515,105

(a) The estimated surplus for 2009/2010 takes into account the \$1m 2009/2010 operational expenditure carried forward to 2010/2011.

These Surpluses have not been transferred to Restricted Reserves so far and are not cash backed. Administration is proposing that the following Cash Back Reserves be created (refer under Reserves below).

- (a) Reserves for Capital Expenditure (Landfill and Other Capital Assets)
- (b) Site Monitoring Reserve
- (c) Reserve for Rehabilitation
- (d) Reserve for RRF Operational Requirements

Reserves under (a), (b) & (c) above are proposed to be considered in conjunction with the review of the Strategic Financial Plan later this year and Reserve for RRF Operational Requirements is planned to be created as part of the budget process for 2010/2011.

The estimated surplus of \$26.5m at 30 June 2010 is represented as follows.

Cash/Investments	\$12.3m
Net Assets (excluding Cash)	\$14.2m
	\$26.5m

For financial year 2010/2011 approximately \$1.9m will be utilised for the funding of the total capital expenditure (refer attachment 7 Statement of Financial Activity).

The proposed use of the balance of cash at 30 June 2010 (\$12.3m) is as follows:

- Transfer to RRF Reserve (\$5m)
- Contingency for unforeseen significant expenditure
- Use for Working Capital

The estimated balance of cash at 30 June 2011 is \$9.8m (refer Attachment 8).

RESERVES

MRC has not created 'Restricted' Reserves (or Cash Back Reserves) in the past in the context of Local Government (Financial Management) Regulation 1966 Section 27(g), with the exception of Site Monitoring Reserve to cover post closure cost for Site Monitoring. The balance on this account is \$137,999 and is cash backed.

The Strategic Financial Plan sets out the Plan for the business for the next 20 years in terms of the Income, Operating Expenditure, non-members' surpluses (including other Revenue), capital expenditure, cashflows and funding for the next 20 years which is reflective of how the business is managed.

MRC is operated on a 'Commercial' basis in view of the fact that it is a 'Fee' (Gate Fee) for service and it also has approximately 20% Commercial Customers in the Landfill Business Unit. The Strategic Financial Plan is quite 'similar' to one for a typical Commercial Organisation.

However, taking into account the feedback from the Budget Workshop on 13 May 2010 and the Strategic Projects Committee meeting on 14 May 2010, the administration has investigated the possibilities in relation to 'Restricted' Reserves in the context of MRC business.

The following 'Restricted' Cash Back Reserves would be consistent with the way the business is currently managed.

- (a) Reserve for Capital Expenditure (Landfill and Other Capital Assets)
- (b) Site Monitoring Reserve (currently in existence)
- (c) Reserve for Rehabilitation
- (d) Reserve for RRF Operational Requirements

The administration is of the view that it would be more appropriate for the Restricted Reserves (a) to (c) to be created in conjunction with the review of the Strategic Financial Plan which is scheduled later this year.

The only 'Restricted' Reserve which would be beneficial to create at this stage would be the Reserve for RRF Operational Requirements and this would remove the need to arrange an overdraft facility of \$5million to meet any unexpected payments which may arise under the terms of the Resource Recovery Facility Agreement (RRFA). Under the Resource Recovery Facility Agreement, MRC is required to pay the first \$5m of any claims, determined in favour of BioVision, promptly within 20 days of determination, as required by the Financing Parties.

This 'Restricted Cash' can be placed under Fixed Deposit (current rates are around 6-7% per annum) and provide on-going certainty to the availability of funds should an event arise under the RRFA. There would be a savings on Overdraft facility charges (which is high under current economic climate) whilst at the same time earning a return of 6-7% per annum.

The Administration recommendation is to transfer \$5million from the Accumulated Surplus to the Reserve for RRF Operational Requirements and corresponding equivalent cash from the existing Cash Funds (\$13million projected at 30 June 2011) to the 'Restricted' Cash Back Reserves. The creation of the other 'Restricted' Reserves is recommended for further investigation and consideration in line with the review of the Strategic Financial Plan later this year.

DETAIL

The methodology and assumptions used to develop the detailed Budget 2010/2011 have been as follows:

- The Twenty Year Strategic Plan commencing 2009/2010 remains the primary source of reference with regards to business activities
 - The Twenty Year Strategic Financial Plan commencing 2008/2009 and approved at the July 2008 Ordinary Council Meeting remains the primary source of reference from a financial and budgetary perspective
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- The Non-Members Gate Fees, prepared with reference to the Strategic Financial Plan, Strategic Plan and Business Plan, were approved at 22 April 2010 Ordinary Council Meeting. Estimated Members Fees were presented for Member Councils Budget Planning and noted by Council
 - The detailed budget for 2010/2011 has been developed within the parameters of the Strategic Plan, Business Plan, Strategic Financial Plan and taking into account the current economic conditions, demand of business, environmental factors, latest events associated with RRF, new initiatives and other relevant factors to enable the Council to provide the level of service consistent with the Business Plan

The Budget structure and documentation is enclosed in Attachments Two to Six.

- **Attachment Two**
 - Operation Statement by Nature and Type
 - Operation Statement by Program
 - Charts Revenue and Expenditure
- **Attachment Three**
 - Schedule of Capital Expenditure
 - Schedule of Disposal of Assets
- **Attachment Four**
 - Schedule of Fees Non Members
- **Attachment Five**
 - Supplementary Information – Loan Schedule
- **Attachment Six**
 - New Initiatives
- **Attachment Seven**
 - Statement of Financial Activity
- **Attachment Eight**
 - Cashflow Statement
- **Attachment Nine**
 - Retained Surplus Schedule

The preparation of the draft Budget has been in line with the guidelines provided in the terms of best appropriate practice regarding Budget preparations.

Business Concept – 2010/2011

The proposed business concept for 2010/2011 is described in the Business Plan for 2010/2011 at Attachment One and following discussion at the Councillors' Budget Workshop on 13 May 2010 amendments has been made to reflect the comments received.

Budget 2010/2011

The Draft Budget is designed to resource the proposed Business Plan.

Assumptions

Major assumptions associated with the Basis of Planning are as follows:

- that the volume of waste for disposal at Tamala Park will be similar to 2009/2010 and in line with the Strategic Financial Plan projections as revised by further updates as part of Budget Planning Process 2010/2011. The Members' tonnage estimates are based on the estimates provided by Member Councils and casual usage is based on the 2009/2010 usage level and trend
- that the diversion of waste from landfill, measured in tonnes, in relation to RRF facility, is assumed at 70% and the normal diversion of waste to recycling would be in line with previous years' trend
- that the Resource Recovery Facility (RRF) would be fully operational in 2010/2011
- that fees and charges for non-members will be consistent with fees approved by Council at its meeting on 22 April 2009. Members' Gate Fee to be approved in conjunction with the approval of the Budget for 2010/2011 in June 2010.
- that the Council will use the revised financial precepts details endorsed at the April 2004 Ordinary Council Meeting as detailed below effective from 1 July 2004. The financial precepts will be reviewed in consultation with the Member Councils in 2010/2011
- DEP Levy is assumed to remain at \$28/tonne. The State Budget was handed down on 20 May 2010 and did not reflect any increase in fees for 2010/11.

Financial Precepts (with effect 1 July 2004)

Precepts

- a) a cost of equity (or "notional interest:") will be calculated for funds contributed by Member Councils and retained surpluses, for the purpose of determining the actual cost of tipping*
- b) additional funds for working capital requirements to be raised either through retention of surplus or external borrowing. Mindarie Regional Council will determine timing of repayment of funds contributed, including retained surpluses*
- c) operational surpluses are distributed to Member Councils in ownership percentages subject to the retention of funds for future requirements*

Associated Business Rules Become

- a) in setting members' prices, cost of tipping includes interest to the extent that it relates to funds required for current operations. Interest on funds held for future requirements is not included in cost of tipping*
 - b) interest on Members' equity will be set at a rate of return that an investor would regard as appropriate for a business of this nature*
 - c) operational surpluses will be calculated in accordance with generally accepted Accounting Principles*
 - d) to the extent that Member-tipping fees differ from actual costs, an adjustment will be made to the distributable surplus at individual Member Council level*
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- e) *the distribution of operational surpluses will be calculated as follows:*
- *operational surplus before member tipping fee adjustment* X
 - *adjustment to member Council tipping charge according to tonnes tipped, where tipping fees differ from actual cost* X/(X)
 - *operational surplus available for distribution according to equity ownership percentages* X
 - *LESS: retention of funds for future requirements* (X)
 - *adjustment to member Council tipping charges according to tonnes tipped, where tipping fees differ from actual cost* X/(X)
 - *amount distributed/(reimbursed)* X/(X)
- f) *lease fee to be set on a commercial basis*

These precepts have assumed that 'Notional Interest', for the purpose of the preparation of this Budget, is zero which is consistent with the concept of Cost Recovery Models universally. This is consistent with the Strategic Financial Plan approved by Council at its July 2008 Ordinary Council Meeting.

OPERATING

Overall Summary

The Council has a projected total revenue of \$44.1m for 2010/2011 and total expenditure of \$42.9m resulting in a surplus of \$1.2m approximately.

The surplus of \$1.2m is mainly attributable to the casual/commercial users.

Revenue

The projected revenue of \$44.1m for 2010/2011 represents an increase of \$5.0m (13%) over last year's adopted budget. The increases are analysed below:

	\$'m	Increase/(Decrease) over last years adopted budget
		\$'m
• Members' User Fees	36.9	5.0
• Casual Tipping Fees	5.0	(0.3)
• Others	2.2	0.3
	44.1	5.00

The increase in fees is mainly due to the following factors:

- increase in projected contractor's fees, in relation to RRF, in line with Resource Recovery Facility Agreement
- full year impact of the DEP Levy (\$2.7m increase over 2009/2010)
- new initiatives (\$0.2m)

The projected revenue for 2010/2011 is based on, estimated waste tonnages provided by the Member Councils, and is summarised below.

Processable Waste (Tonnage)	
City of Perth	14,428
City of Stirling	18,100
City of Wanneroo	50,800
Town of Cambridge	8,800
Town of Vincent	13,901
Town of Victoria Park	14,124
City of Joondalup	52,000
	172,153

Non Processable Waste (Tonnage)	
City of Perth	45
City of Stirling	96,750
City of Wanneroo	37,185
Town of Cambridge	2,500
Town of Vincent	489
Town of Victoria Park	1,200
City of Joondalup	11,500
RRF Residue	30,000
	179,669

Casual/ Commercial	40,000
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City of Stirling (COS) has advised that on the One Fee Model, they are expecting a lower level of activities at the Balcatta Transfer Station. Based on their best estimates COS has advised that they are expecting the 96,750 (including bales) non-processable tonnes to reduce to 40,000 tonnes in 2010/2011. The recommended approach to deal with estimates for COS waste is as follows:

- utilise the initial estimate (96,750 tonnes) for planning purposes
- monitor ACTUAL tonnage
- adjust fees, utilising the previously approved mechanisms, if required

The waste tonnages for casuals were scaled back in 2010/2011, from the previous years to 40,000 tonnes following the increase in fees and the trend of actual tonnages for 2008/2009.

Expenditure Projections

The total expenditure for 2010/2011 is budgeted at \$42.9m.

This is an increase of \$5.3m (14.9%) (excluding \$1m carried forward) over last year's adopted budget and is basically in line with increase in revenue.

The bulk of the increase is due to the following:

		\$
DEP Levy	(Note (1) follows)	2.82m
RRF Increase	(Note (2) follows)	2.01m
Landfill Expenses	(Note (3) follows)	0.42m
New Initiatives	(Note (4) follows)	0.21m
Employee Costs	(Note (5) follows)	0.39m
Communications and Public Consultations	(Reduction)	(0.29m)
Consultants and Contract Labour	(Reduction)	(0.15m)
Others		(0.10m)
		\$5.31m

Notes - Budget Item Explanation

1. Landfill Levy \$2.8m

State Government increased the Landfill Levy from \$7/t to \$8/t on 1st July and then to \$28/t effective 1 January 2010 without any formal consultation with the Industry.

2. Resource Recovery Facility (excluding interest expense) \$2m

The RRF is now fully operational and the increase of \$2m is mainly related to the following areas:

- **BioVision Gate Fee** 1.9m
Increase is relating to RRFA CPI increases, and change in the residue disposal rate at Tamala Park due to the MRC single fee structure as well as full year impact of DEP levy increase of \$21/t introduced in January 2010
 - Others 0.1m
- \$2.0m**

3. Landfill Expense \$0.4m

Increase mainly due to the Limestone Cover.

4. New Initiatives \$0.2m

	Presented 3 June workshop	Transferred to Proposed Operational Expenditure	Deferred to 2011/12	Deleted /Amalgamat ed / Changed	Revised Proposed New Initiatives 2010/11
CEO					
Consultancy					
- Review of Disability Access & Inclusion Plan	10,000			(10,000)	0
- Business Information System Review	15,000			(15,000)	0
	25,000			(25,000)	0
Research and Planning					
- Millipedes Control	10,000				10,000
	10,000				10,000
	\$35,000			(\$25,000)	\$10,000
OPERATIONS					
Salaries					
- Technical Officer	70,700				70,700
- Recycling CSO (.5 FTE to Full Time)	40,400				40,400
	111,100				111,100
Superannuation					
- Technical Officer	10,600				10,600
- Recycling CSO (.5 FTE to Full Time)	3,300				3,300
	13,900				13,900
Workers Compensation					
- Technical Officer	2,800				2,800
- Recycling CSO (.5 FTE to Full Time)	1,100				1,100
	3,900				3,900
Annual Leave					
- Technical Officer	5,700				5,700
- Recycling CSO (.5 FTE to Full Time)	1,800				1,800
	7,500				7,500

	Presented 3 June workshop	Transferred to Proposed Operational Expenditure	Deferred to 2011/12	Deleted /Amalgamat ed / Changed	Revised Proposed New Initiatives 2010/11
Long Service Leave					
- Technical Officer	1,700				1,700
- Recycling CSO (.5 FTE to Full Time)	600				600
	2,300				2,300
Total Employee Costs	138,700				138,700
	\$138,700				\$138,700
PROJECTS					
Contract Labour External					
- RRF Stage 2 Development	20,000				20,000
- Landfill Gas Tendering	15,000				15,000
	35,000				35,000
Zero Waste Plan					
- MRC Contributions	20,000				20,000
	\$55,000				\$55,000
MARKETING					
Salaries					
- Admin Officer (0.5 FTE to Full Time)	26,500			(26,500)	0
- Additional Casuals	20,000			(20,000)	0
Superannuation					
- Admin Officer (0.5 FTE to Full Time)	4,200			(4,200)	0
Workers Compensation					
- Admin Officer (0.5 FTE to Full Time)	900			(900)	0
Annual Leave					
- Admin Officer (0.5 FTE to Full Time)	3,200			(3,200)	0
Long Service Leave					
- Admin Officer (0.5 FTE to Full Time)	700			(700)	0
	55,500			(55,500)	0
Corporate Communication Strategy					
- Brand Council	5,000			(5,000)	0
	5,000			(5,000)	0
Waste Management Education					
- Shopping Centre Program	10,000			(5,000)	5,000
- Toxic Taxi	5,000			(5,000)	0
	15,000			(10,000)	5,000
Project and SWMP Support					
- RRF Open Day	15,000			(15,000)	0
	15,000			(15,000)	0
	\$90,500			(\$85,500)	\$5,000
Grand Total	\$319,200			(\$110,500)	\$208,700

5. Employee costs

EBA/Increments	\$0.29m
Associated Superannuation and Annual Leave/Benefits and other	\$0.10m
Employee Cost	\$0.39m

Position	Current FTE	Comment
Chief Executive Officer (CEO)	1	
Chief Financial Officer (CFO)	1	
Administration Manager	1	
Senior Finance Officer	2	
Human Resources & Payroll Officer	1	
Finance Officer – Reporting	.5	Permanent Part-Time
Accounts Receivable & Sales Officer	1	
Finance Officer – Accounts Payable, Budget & IT	1	
Waste Minimisation Officer	1	To implement Strategic Waste Minimisation Plan.
Manager Projects & RRF	0.6	Utilise contract professional.
Manager Marketing & Education	0.5	Utilise contract professional.
Sustainability & Waste Education Coordinator	1	
Waste Education Officer	1	
Administration Officer (Marketing & Education)	0.5	
Admin Officer (Reception)	1	
Governance Officer	1	
Records Officer	1	
Operations Manager	1	
Deputy Operations Manager / Mechanic	1	Covers for Operations Manager when not available. Taken over plant maintenance previously contracted out.
Foreman	1	
Environmental Officer	0.6	Utilise contract professional
Plant Operators	5	Highly skilled plant operators
Recycling Attendants	8	Provide security and service relating to hazardous household waste facility operating at the recycling facility. Operation of bin truck from this group.
Recycling Attendant	0.5	Upgrade of a part-time position to a full-time
Transfer Station Attendants /truck drivers	4	Multi-skilling – rotating through tasks plus maintain safety standards at transfer station. Operation of water truck from this group.
Grounds Maintenance Officer	1	Ensure compliance with licence
Welder	1	Assist with workshop and maintenance program
Risk Management Officer	1	Provides support to Operations Manager in relation to safety, compliance, minor projects and household hazardous waste issues
Technical Officer	1	Proposed Position

Weighbridge Officer	1	Operates weighbridge and monitors quality of waste entering the site
Total	42.2	

The 'make-up' of the 8 Recycling Attendants is as follows:

	FTE
Permanent Full Time	6.0
Full Time Equivalent of the 7 permanent part-timers	2.5
Total	<u>8.5</u>

The 7 permanent part-timers are utilised to cover the weekend and on-going operational requirements as required.

Additional Information - Expenditure

- Marketing and Education \$415,000

The Budget estimates associated with Marketing and Education projects are for activities derived from the Marketing Plan approved by Council in October 2009. The performance measures associated with these tasks are a continuation of the following:

- Integrated measures via Two-Yearly Stakeholders Survey
- Task – related measures for discrete projects or activities

It is proposed to review and revise the Marketing Plan following review of the current MRC Strategic Plan, later in 2010.

Projects for budget approval have been selected on the basis of probability to directly impact that behaviour to reduce overall waste, and waste to landfill.

The details are as follows:

CORPORATE COMMUNICATIONS STRATEGY

MRC Website	20,000
Annual Report	10,000
Waste Conference	10,000
MRC Newsletter	35,000
Bryant Media	20,000
	\$95,000

WASTE EDUCATION

HHW Collection days program and promotion	42,000
Continued Support for WESSG	2,500
Tour Programs, including giveaways	20,000
Bus Sponsorship	7,500
Mobile Display Promotion and Support	5,000
Contaminants Education / Fluoros Collections	10,000
Waste Free Events Support	14,000
Earth Carers Outreach Support	60,000
Advertising	37,000
Interactive Resource for Events	10,000
School Program	30,000
Education Centre Display Updates	5,000
Battery Program	30,000

Shopping Centre Program	5,000
	\$278,000

PROJECTS SUPPORT

RRF Visitors Centre	30,000
DVD and brochures for RRF	2,000
CEAG Support	10,000
	\$42,000

The Marketing and Education Program has been reduced from \$719,300 to \$415,000 in line with discussion at 3 June 2010 Budget Workshop.

- Consultants and Labour Cost (Tamala Park) \$737,900

<i>Tamala Park</i>	<i>\$472,900</i>
<i>RRF</i>	<i>\$265,000</i>

The budget for Consultants and Contractors has been reduced from \$822,900 to \$742,900 in line with discussion at 3 June 2010 Budget Workshop.

Budget 2009/2010 also makes provision for the use of consultants for the execution of designated functions associated with the business. These functions are in addition to, albeit complementary to those functions performed by employees and contracted personnel.

Designated functions are as follows:

Consultancy

- Tamala Park

HR Support	20,000
Financial & Business Advice and Modelling	40,000
Environmental Support / Audit	25,000
Technical Support and Advice	15,000
Strategic Plan Review	10,000
Strategic Financial Plan Review	10,000
Architectural & Engineer Support Project	15,000
	\$135,000

-RRF

<i>Specialist Project Consultants</i>	<i>50,000</i>
<i>Financial</i>	<i>10,000</i>
<i>Insurance</i>	<i>15,000</i>
<i>Legal Support</i>	<i>100,000</i>
	\$175,000

Contract Labour

- Tamala Park

Admin Staff – Relief	7,200
Finance Staff – Relief	15,000
Operator Relieve/Labour Hire	17,000
Mechanic Relief	16,800
Environmental Officer	99,500
Welder Relief	12,400

New Land Purchase

- Project Management	15,000
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Zero Waste Plan

- Project Management	20,000
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RRF Stage 2 Development

- Project Management	20,000
Marketing and Education Manager	100,000
Landfill Gas Tendering	15,000
	\$337,900

-RRF

Project/Contract Management	90,000
	\$90,000

The Budget estimates associated with 'Contract Labour' make provision for the ongoing appointment of external personnel to the positions of Project Manager, Marketing/Education Manager and Environmental Officer.

An exercise is in progress for the potential 'internalisation' of these positions via recruitment. One outcome from this exercise is the potential reduction in these estimates via this recruitment.

• Research and Planning Cost		\$350,000
Municipal Waste Advisory Council Standard Contribution	40,000	
Regional Plan Development	5,000	
Strategic Plan Implementation	5,000	
WMAA-A-CAP Project (In Kind/Cash Contributions)	10,000	
FORC	20,000	
Landfill Gas Migration Investigation	80,000	
Ground Water Remediation	30,000	
Technical Investigations – Son of Tamala Park	150,000	
Millipedes Control	10,000	
	\$350,000	

2009/2010

The expenditure in relation to the following projects needs to be carried forward as it has been delayed.

• Upgrade of Navision Financial and Payroll System -		\$0.05m
- Due to the delay of the initial planning and preparatory work, the project will now be carried out in 2010/11.		
• Environmental Monitoring -		\$0.05m
- The assessment of air quality in the RRF Receiving Hall has taken longer than anticipated. The carryover of funds is to cover costs associated with the ongoing air quality investigation.		
• Contractors Fees -		\$0.90m
- This is to cover the anticipated additional tonnes that BioVision will process next year to catch up on the reduced processing capacity from this year as a result of the recent composter damage.		
		\$1.00m

TOTAL CAPITAL EXPENDITURE

2010/2011

Proposals for Capital Expenditure within the context of Budget 2010/2011 are detailed on Attachment Two. The key items are as follows:

- Landfill 2 Capping –
 - To cap the northern portion of the completed landfill \$3.40m
- Landfill Compactor - \$1.00m
 - This relates to the replacement of existing compactor.
- Building - \$0.11m
 - This relates to a number of small extensions in relation to Recycling Lunch Room and Administration Accommodation Improvements.

2009/2010

The following projects are currently in progress and the unexpended budget allocated in 2009/2010 for these items need to be carried forward to 2010/2011 and incorporated as part of the Capital Budget for 2010/2011.

- Landfill Excavation - \$8.9m

The excavation is completed and the base lining will be completed by June 2010. Further incremental lining will be done in 'clay' and this would be carried over next four to five years. The carried forward amount of \$8.9m is relating to the incremental 'clay' lining and will be increased at an annual rate of \$2m.
 - Purchase for Land - \$12.0m

This relates to cost of purchase of land for the new landfill site beyond Tamala Park.
 - Resource Recovery Facility - \$0.11m

The weighbridge office and education building has been completed and minor works relating to communication infrastructure to be carried out in July/August 2010.
 - Workshop Extension – \$0.35m

Delays gaining approvals delay construction start date until mid June.
 - Ground Maintenance Shed - \$0.01m

Construction delayed because the sub surface storm water drains will be located beneath the ground maintenance shed.
 - Tarpomatic System - \$0.24m

MRC is waiting for DEC approval before purchasing tarpomatic System. DEC approval expected mid June.
- \$21.61m**
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Construction of Fees – FY 2010/2011

Council, at its meeting on 22 April 2010, resolved as follows:

That Council:

- (i) *note the information in this Item in relation to a review of the MRC member fee model*
- (ii) *adopt a single fee model as the basis for determining the fee for the acceptance of waste from member Councils for the 2010/2011 budget*
- (iii) *authorise the CEO to present a report to the Council Budget Workshop scheduled for 13 May 2010, on the characteristics of the 'Single Fee' model*

Council further resolved at its meeting on 22 April 2010 as follows:

That Council:

- (i) *note the methodology used for the Budget Planning and Strategic Budget for 2010/2011*
- (ii) *note the new initiatives*
- (iii) *note Members' Single Gate Fee of \$113 - \$119 (ex GST) for financial year 2010/2011 for budget planning purposes*
- (iv) *approve the Schedule of Fees and Charges relating to commercial and casual users, at Attachment One in respect of financial year 2010/2011*

City of Stirling action, in Supreme Court to seek an interlocutory injunction against the introduction of a single fee model was unsuccessful. Budget planning has continued on the basis of the Single Fee Model.

The rules relating to setting of fees for local governments are detailed in Local Government Act 1995 (as amended) as follows:

6.16. Imposition of fees and charges

- (1) *A local government may impose * and recover a fee or charge for any goods or service it provides or proposes to provide, other than a service for which a service charge is imposed.*

**Absolute majority required.*

- (2) *A fee or charge may be imposed for the following –*

- (a) *providing the use of, or allowing admission to, any property or facility wholly or partly owned, controlled, managed or maintained by the local government;*
 - (b) *supplying a service or carrying out work at the request of a person;*
 - (c) *subject to section 5.94, providing information from local government records;*
 - (d) *receiving an application for approval, granting an approval, making an inspection and issuing a licence, permit, authorisation or certificate;*
 - (e) *supplying goods;*
 - (f) *such other service as may be prescribed.*
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- (3) *Fees and charges are to be imposed when adopting the annual budget but may be –*
- (a) *Imposed * during a financial year; and*
- (b) *Amended * from time to time during a financial year.*
- * Absolute majority required.*

6.17. Setting the level of fees and charges

- (1) *In determining the amount of a fee or charge for a service or for goods a local government is required to take into consideration the following factors –*
- (a) *the cost to the local government of providing the service or goods;*
- (b) *the importance of the services or goods to the community; and*
- (c) *the price at which the service or goods could be provided by an alternative provider.*
- (2) *A higher fee or charge or additional fee or charge may be imposed for an expedited service or supply of goods if it is requested that the service or goods be provided urgently.*
- (3) *The basis for determining a fee or charge is not to be limited to the cost of providing the service or goods other than a service –*
- (a) *under section 6.96;*
- (b) *under section 6.16(2)(d); or*
- (c) *prescribed under section 6.16(2)(f), where the regulation prescribing the service also specifies that such a limit is to apply to the fee or charge for the service.*
- (4) *Regulations may –*
- (a) *prohibit the imposition of a fee or charge in prescribed circumstances; or*
- (b) *limit the amount of a fee or charge in prescribed circumstances.*

The deductions from consideration of these rules is that, provided Council complies with these rules then any fee model i.e. multi fee, single fee, can be adopted.

In this regard, the following factual information should be noted in this decision – making process:

- The Council has previously adopted a set of financial precepts, or rules, which state, among other things, that members shall only pay the cost for processing of received waste (Compliance: 6.17(1)(a) above, with respect to “cost”)
 - The Council has as part of its Constitution, a purpose described, inter alia, as follows:
‘The orderly and efficient treatment and/or disposal of waste ...’
(Constitution, para 5.1(a) refers)
 - This purpose reflects consideration of 6.17(a)(a) above – service provided.
 - The Council is a body which is providing waste processing services i.e. RRF, in addition to waste disposal services via landfill – an initiative which will in factual terms, reduce the municipal waste to landfill and increase the life of the landfill at Tamala Park. These initiatives are consistent with a demonstration of consideration of 6.17(b) above – importance of the services to the community.
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- In terms of a comparative analysis of alternative providers, vide 6.17(1)(c) above, the following table describes the comparison.

PROVIDER	LOCATION	SERVICES	Fees 2009/10	Projected 2010/11
SMRC	Canning Vale	RRF	\$155/t	\$178/t
WMRC		RRF	\$134/t	Not available
Armadale Council	Armadale	Landfill	\$91/t	\$100/t
		Including Recyclables	\$145/t	Not available

Member Fee – 2010/2011

Members' fees is calculated as follows:

- The Tonnage to be delivered to MRC by respective Member Councils are confirmed at commencement of Budget Process
- Establishment of Cost
 - Share of Landfill Facility Cost based on Budgeted Cost for Landfill Facility/Administration and tonnes tipped at the landfill \$X₁
 - Cost of RRF Facility \$X₂
(Contractors & Associated Cost plus MRC Cost – details are at Attachment 2)
- The Members' Fee per Tonne is then derived by dividing $$(X_1 + X_2)$ by the number of Processable Tonnes projected for 2010/2011.

For 2010/2011 the Members Fee, under the Single Fee Model, is projected at \$105/tonne.

Any variations arising from the following:

- Variation of Tonnes delivered
- Variation in cost
- Additional cost relating to unforeseen circumstances

Will be calculated and will be dealt with as follows:

- Variation up to \$500,000 will treated as unders/overs and dealt with in the subsequent years based on Audited Financial Statements
- Variation greater than \$500,000 will be highlighted during the mid-year review and an adjustment in the Members' Fee will be made with immediate effect
- The above treatment of unders/overs are in line with the Policy of Unders/Overs previously approved by Council.

Funding Plan

The proposed funding plan for 2010/2011 budgeted expenditure is as follows:

-
- operating expenditure is to be covered by income primarily from the Gate fees, gas power generation income, and sale of recyclables resulting in an estimated surplus of \$1.2m approximately. This surplus needs to be retained to meet the loan repayments and capital expenditure and on-going cashflow requirements of the Council in line with the Strategic Financial Plan
 - remaining infrastructure costs in relation to the Resource Recovery Facility is to be funded from the existing loan facilities
 - purchase of land will be funded by a dedicated loan which will be approved prior to the purchase
 - the remaining ongoing Capital Expenditure is to be funded from the surplus of \$1.2m projected for the year (as noted above) and retained surplus brought forward

The 20 year Strategic Financial Plan was approved at the July 2008 Ordinary Council Meeting. One of the fundamental assumptions of the Strategic Financial Plan is that the annual surpluses will be retained by Mindarie Regional Council to fund the ongoing Capital Expenditure requirements of the organisation with the view to establishing Mindarie Regional Council as a self-funding and viable organisation going forward.

In line with this plan, the surpluses to date and future years will be retained by the Mindarie Regional Council as approved by the Council at its August 2005 Ordinary Council Meeting.

Overdraft

Mindarie Regional Council currently has an overdraft facility of \$1m that is reviewable every six (6) months (September and March). It is recommended that this facility be retained.

Loans

The loans repayment schedule is in line with the Strategic Financial Plan and at this stage all loans are expected to be repaid by 2016/2017 utilising funds obtained from annual surpluses.

Other Matters

- **Members Withdrawal**
The process for withdrawal of any Member Councils from MRC is contained in the current Constitution
 - **Members Conferences**
Currently a total amount is provided by MRC to cover the expenses relating to Member Conferences. Suggestion has been made to allocate a specific amount to each Councillor for attendance at Conferences at their discretion. This will be discussed at the Budget Workshop
 - **RRF Gate Fee**
As per the RRFA, the Waste Diversion Target is able to be changed to take into consideration the Perth waste stream composition (organic fraction). It has previously been agreed with BioVision that the Waste Diversion Target will be assessed in the first year of operations. Following the extended Un-Availability as a result of the composter cracks, the MRC is proposing that this assessment be
-

finalised over the first two years of operation, with an interim adjustment at the end of year one.

The issue of whether there is a corresponding RRF gate fee increase is a matter of discussion with BioVision.

If the Waste Diversion Target is adjusted to the extent requested by BioVision (71.4% to 55.5%) and the MRC is required to adjust the gate fee, the impact has been calculated as \$7.41/tonne which will equate to \$1.7m for 2010/2011. Based on this, the retrospective catch-up payment for the 2009/2010 financial year has been calculated as \$0.75m. This impact of the variation has not been taken into account for the calculation of 2010/2011 Members' Gate Fees as this has not been approved by the Council. Administration recommends that this cost be offset as follows:

- 2009/2010 - \$0.75m Funded from 2009/2010 Surplus
- 2010/2011 - \$1.7m 50% Funded from Retained Surplus
50% Funded by increase in gate fee for consideration in context of mid-year Review (Feb 2011)

STATUTORY ENVIRONMENT

Budget approval is planned prior to end August 2010, in accordance with provision of the Local Government Act 1995 is required.

POLICY IMPLICATIONS

Not applicable

FINANCIAL IMPLICATIONS

As detailed

STRATEGIC IMPLICATIONS

The draft Budget 2010-/2011 is consistent with the Council's twenty year Strategic Plan, Strategic Financial Plan (2008/09 – 2027/28) and Annual Business Plan for 2010/2011.

COMMENT

The Budget formulation process has been conducted in accordance with the plan previously approved by Council on 10 December 2009. The draft Budget for 2010/2011 has been finalised and is now tabled for Council's consideration. The Budget is consistent with the information contained in the respective year in the twenty year Strategic Plan and Strategic Financial Plan (2008/09 – 2027/28) and the associated Business plan for 2010/2011 and takes into account the current economic conditions, demand of business, environmental factors, latest events associated with RRF, new initiatives and other relevant factors to enable the Council to provide the level of service consistent with the Business Plan.

MRC OFFICER RECOMMENDATION

That Council:

- (i) approve the Members Fee of \$105/tonne under the Single Fee Model**
 - (ii) note the possible impact of the Single Fee Model on Non-Processable tonnages from City of Stirling and likelihood of an adjustment in Members Gate Fee for 2010/2011**
 - (iii) adopt the draft Budget for the Mindarie Regional Council for Financial Year 2010/2011**
 - (iv) endorse the on-going strategy of deferred payment of operational surplus, as approved by Council at its August 2005 meeting, for the FY 2005/2006 and future years to meet its on-going capital requirements**
 - (v) approve the use of an on-going overdraft facility of \$1 million to manage cashflow 'short falls' during FY 2010/2011 and future years**
 - (vi) approve the capital budget allocation of \$21.61m in respect of the Landfill Excavation, Purchase of Land, RRF Infrastructure, Tarpomatic System, Workshop Extension and Ground Maintenance Shed to be carried forward from 2009/2010 to 2010/2011**
 - (vii) approve the operational budget allocation of \$1m in respect RRF Contractors Fees, Environmental Monitoring and upgrade of Financial Systems to be carried forward from 2009/2010 to 2010/2011**
 - (viii) note that the loan of \$6.6m approved in 2008/2009 to fund the Phase 3 landfill excavation will not be drawn in 2010/2011 due to phasing of the Lining project over 4/5 years commencing 2010/2011 but may be required in future years**
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**ATTACHMENT ONE
TO ITEM 7.1
SPECIAL COUNCIL MEETING
24 JUNE 2010
BUSINESS PLAN 2010/2011**

MINDARIE REGIONAL COUNCIL
 ANNUAL BUSINESS PLAN 2010/2011

Proposed Action	Comments
<p>Objective One: Waste Management</p> <ul style="list-style-type: none"> • Operate existing waste processing projects at, at least, Tamala Park (landfill, recycling and reuse) and Neerabup (resource recovery) • Optimise income via waste processing projects at Tamala Park i.e. landfill gas, recycling 	<p>KPI is satisfactory report card on economic, environmental and social grounds</p>

MINDARIE REGIONAL COUNCIL
 ANNUAL BUSINESS PLAN 2010/2011

Proposed Action	Comments
<p>Objective Two: Waste/Resource Processing</p> <ul style="list-style-type: none"> • Implement integrated regional plan for processing of at least municipal solid waste (MSW) • Develop and implement plans for additional waste processing facilities within the region including 'Son of Tamala' landfill and RRF Stage Two • Investigate additional opportunities for expanded waste processing capability • Improve waste processing at Tamala Park 	<p>Subject to comments from Member Councils.</p>

**MINDARIE REGIONAL COUNCIL
 ANNUAL BUSINESS PLAN 2010/2011**

Proposed Action	Comments
<p>Objective Three: Industry Leadership and Advocacy</p> <ul style="list-style-type: none"> • Participate in defined external industry-related forums eg. MWAC, WMAA, WALGA, FORC • Strengthen partnerships with Government, industry and academic institutions in order to promote improvement in waste management sector particularly via the SWMP programme • Identify and adopt contemporary approaches to waste/resource management, at least within the region 	<p>KPI is introduction of improved industry-wide program</p>

**MINDARIE REGIONAL COUNCIL
 ANNUAL BUSINESS PLAN 2010/2011**

Proposed Action	Comments
<p>Objective Four: Community Engagement</p> <ul style="list-style-type: none"> • Improve Mindarie Regional Council understanding of community characteristics <ul style="list-style-type: none"> (i) via development of an action plan from the Mindarie 360 Stakeholder survey • Operate an effective integrated Marketing strategy for Mindarie Regional Council stakeholders • Operate an effective waste education strategy in order to promote community behaviour consistent with operational plans • Maintain the CEAG forum as a community engagement mechanism for RRF issues 	

MINDARIE REGIONAL COUNCIL
ANNUAL BUSINESS PLAN 2010/2011

Proposed Action	Comments
<p>Objective Five: Organisational Management</p> <ul style="list-style-type: none"> • Maintain and improve existing contemporary business systems, e.g. finance, procurement, project management, customer service, marketing, governance • Strengthen Member Council partnerships and relationships • Review and where appropriate, revise funding strategies for the business with the context of the approved Strategic Financial Plan • Develop an Information Management Plan for MRC • Review Key plans i.e. Strategic Plan, Strategic Financial Plan 	

ATTACHMENT TWO

TO ITEM 7.1

SPECIAL COUNCIL MEETING

24 JUNE 2010

**OPERATION STATEMENT BY NATURE & TYPE
OPERATING STATEMENT BY PROGRAM
CHARTS REVENUE AND EXPENDITURE**

Mindarie Regional Council
INCOME STATEMENT BY NATURE AND TYPE
Proposed Budget for 2010/2011

Description	1	2	3	4	5	7	8	9	1 minus 8	7 minus 9	Increase/ (Decrease) %	Increase/ (Decrease) %
	Proposed Budget 2010/2011 without New Initiatives & Carry Forward	New Initiatives	Proposed Budget 2010/2011 with New Initiatives	Carried forward items from 2009/2010	Proposed Budget 2010/2011	Estimated Actual 30 June 2010	Adopted Budget 2009/2010	Revised Budget 2009/2010	Increase/(Decrease) Budget 10/11 vs. Adopted Budget 09/10	Increase/ (Decrease) Budget 09/10		
Revenue form Ordinary Activities												
User Charges												
User Charges - City of Perth	1,519,600		1,519,600		1,519,600	1,744,713	1,930,400	1,930,400	(410,800)	(185,687)	-21.28%	-9.62%
User Charges - City of Waneroo	9,238,400		9,238,400		9,238,400	7,746,824	7,570,900	7,570,900	1,667,500	175,924	22.03%	2.32%
User Charges - City of Joondalup	6,667,500		6,667,500		6,667,500	7,175,968	7,418,100	7,418,100	(750,600)	(242,132)	-10.12%	-3.26%
User Charges - City of Stirling	12,059,300		12,059,300		12,059,300	8,875,892	8,376,000	8,376,000	3,683,300	499,892	43.97%	5.97%
User Charges - Town of Cambridge	1,186,500		1,186,500		1,186,500	1,211,971	1,224,000	1,224,000	(37,500)	(12,029)	-3.06%	-0.98%
User Charges - Town of Vincent	1,510,900		1,510,900		1,510,900	1,589,343	1,687,800	1,687,800	(176,900)	(98,457)	-10.48%	-5.83%
User Charges - Town of Victoria Park	1,609,000		1,609,000		1,609,000	1,490,345	1,728,200	1,728,200	(119,200)	(237,855)	-6.90%	-13.76%
User Charges - RRF Residues	3,150,000		3,150,000		3,150,000	1,625,902	1,980,000	1,980,000	1,170,000	(354,098)	59.09%	-17.88%
Total Member User Charges	36,941,200	0	36,941,200		36,941,200	31,460,958	31,915,400	31,915,400	5,025,800	(454,442)	15.75%	-1.42%
User Charges - City of South Perth	0		0		0	16,229	337,100	337,100	(337,100)	(320,871)	-100.00%	-95.19%
User Charges - Casual Tipping Fees	5,018,000		5,018,000		5,018,000	4,710,426	5,018,140	5,018,140	(140)	(307,714)	0.00%	-6.13%
Total User Charges	41,959,200	0	41,959,200		41,959,200	36,187,613	37,270,640	37,270,640	4,688,560	(1,083,027)	12.58%	-2.91%
Service Charges												
Sale of Recyclable Materials	340,000		340,000		340,000	444,936	240,000	240,000	100,000	204,936	41.67%	85.39%
Sale of Limestone	0		0		0	0	0	0	0	0	0.00%	0.00%
Gas Power Generation Sales	550,000		550,000		550,000	550,000	550,000	550,000	0	0	0.00%	0.00%
Grants & Subsidies	400,000		400,000		400,000	400,000	320,000	320,000	80,000	80,000	25.00%	25.00%
Contributions, Reimbursements & Donations	202,000		202,000		202,000	198,946	340,100	340,100	(138,100)	(141,154)	-40.61%	-41.50%
Interest Earnings	700,000		700,000		700,000	578,528	369,200	369,200	330,800	209,328	89.60%	56.70%
Other Revenue	10,200		10,200		10,200	95,034	10,200	10,200	0	84,834	0.00%	831.71%
Expenses from Ordinary Activities	44,161,400	0	44,161,400		44,161,400	38,455,057	39,100,140	39,100,140	5,061,260	(645,083)	12.94%	-1.65%
Employee Costs												
Materials and Contracts	4,687,200	138,700	4,825,900		4,825,900	4,300,132	4,300,140	4,300,140	387,060	(8)	9.00%	0.00%
Consultants and Contract Labour	442,900	35,000	477,900		477,900	640,126	594,600	613,600	(151,700)	26,526	-25.51%	4.32%
Communications and Public Consultation	437,000	5,000	442,000		442,000	628,655	722,800	722,800	(285,800)	(94,145)	-39.54%	-13.03%
Landfill Expenses	1,482,800	10,000	1,492,800		1,492,800	921,013	1,057,400	927,400	425,400	(6,387)	40.23%	-0.69%
Office Expenses	281,200	0	281,200		281,200	253,242	254,500	262,500	26,700	(9,258)	10.49%	-3.53%
Information System Expenses	465,700		465,700	50,000	515,700	323,800	399,300	399,300	66,400	(75,500)	16.63%	-18.91%
Building Maintenance	115,100		115,100		115,100	93,286	99,200	99,200	15,900	(5,914)	16.03%	-5.96%
Plant and Equipment Operating and Hire	958,100		958,100		958,100	1,163,602	1,027,800	1,215,800	(69,700)	(52,198)	-6.78%	-4.29%
RRF Operations Total Cost (excl. Amortisation)	18,187,600		18,187,600	950,000	19,137,600	12,265,512	16,173,600	14,056,600	2,014,000	(1,791,088)	12.45%	-12.74%
Waste Minimisation Project	260,000	20,000	280,000		280,000	395,000	316,000	316,000	(56,000)	79,000	-17.72%	25.00%
Utilities	109,500		109,500		109,500	105,079	94,300	94,300	15,200	10,779	16.12%	11.43%
Depreciation	1,133,700		1,133,700		1,133,700	1,042,941	1,159,080	1,079,080	(25,380)	(36,139)	-2.19%	-3.35%
Borrowing Cost Expenses	681,000		681,000		681,000	837,012	880,400	814,400	(199,400)	22,612	-22.65%	2.78%
Insurance	160,700		160,700		160,700	143,900	127,400	143,400	33,300	500	26.14%	0.35%
DEP Landfill Levy	7,517,300		7,517,300		7,517,300	5,385,484	4,699,700	4,850,700	2,817,600	534,784	59.95%	11.02%
Land Lease/Rental	615,000		615,000		615,000	575,007	590,000	590,000	25,000	(14,993)	4.24%	-2.54%
Member Costs	169,900		169,900		169,900	120,787	149,500	154,500	20,400	(33,713)	13.65%	-21.82%
Administration Expenses	155,700		155,700		155,700	150,163	159,000	159,000	(3,300)	(8,837)	-2.08%	-5.56%
Amortisation (LandFill)	4,206,050		4,206,050		4,206,050	4,339,200	4,054,200	4,339,200	151,850	0	3.75%	0.00%
Amortisation (RRF)	652,259		652,259		652,259	534,600	534,600	534,600	117,659	0	22.01%	0.00%
Profit on Sale of Assets	0	0	0		0	27,875	27,800	27,800	(27,800)	75	0.27%	0.27%
Loss on Sale of Assets	8,700	0	8,700		8,700	12,459	28,700	28,700	(20,000)	(16,241)	-56.59%	-56.59%
	(8,700)	0	(8,700)		(8,700)	15,416	(900)	(900)	(7,800)	16,316		
Funded from Surplus 2009/2010				1,000,000	1,000,000							
Changes in Net Assets Resulting from Operations	1,433,991	(208,700)	1,225,291	0	1,225,291	4,251,932	1,705,720	3,426,720	(271,729)	825,212	-7.93%	24.08%

Note:
RRF Expenditure (excluding amortisation)
652,259
18,839,859

Mindarie Regional Council
RESOURCE RECOVERY FACILITY
INCOME STATEMENT BY NATURE AND TYPE
Proposed Budget for 2010/2011

Note1

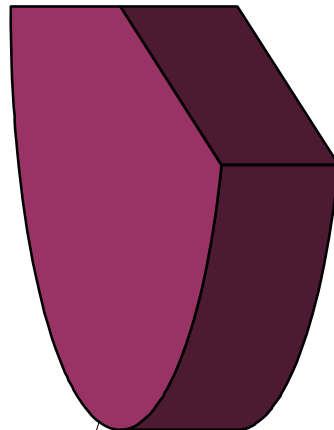
Description	Proposed Budget 2010/2011	Estimated Actual 30 June 2010	Adopted Budget 2009/2010	Revised Budget 2009/2010
Revenue from Ordinary Activities				
Service Charges				
Other Revenue	-	82,716	-	-
	-	82,716	-	-
Expenses from Ordinary Activities				
Employee Costs	41,500	0	0	0
Materials and Contracts				
Consultants and Contract Labour	265,000	340,000	210,000	310,000
Office Expenses	5,200	500	5,000	2,000
Information System Expenses	12,000	0	0	0
Building Maintenance	30,900	1,000	30,000	13,000
RRF Operations Total Cost (excl. Amortisation)				
Fencing and Gate Maintenance	5,200	200	5,000	2,000
Road Maintenance	5,200	350	5,000	2,000
Bores and Pipework	5,200	3,000	5,000	5,000
Environmental Monitoring	0	10,000	20,000	60,000
Community Monitoring Program	20,600	40,000	45,000	45,000
Landscaping and Gardens	20,600	40,000	30,000	40,000
MRC Admin Charge	100,000	100,000	100,000	100,000
Compost Disposal	525,000	175,000	545,000	320,000
Contractor's Fee (\$132.43/tonne)	13,243,000	11,000,000	14,600,000	12,600,000
Residues (30,000 tonnes @ \$110)	3,300,000			
Utilities	24,200	18,862	37,000	21,000
Borrowing Cost Expenses	584,000	536,600	536,600	536,600
Other Expenditure				
Amortisation (RRF)	652,259	534,600	534,600	534,600
	18,839,859	12,800,112	16,708,200	14,591,200
Changes in Net Assets Resulting from Operations	18,839,859	12,717,396	16,708,200	14,591,200

Mindarie Regional Council
INCOME STATEMENT BY PROGRAM
Proposed Budget for 2010/2011

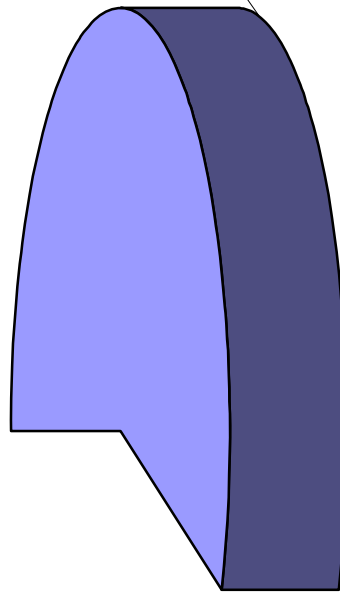
Description	Proposed Budget 2010/2011	Estimated Actual 30 June 2010	Adopted Budget 2009/2010	Revised Budget 2008/2009
Revenue from Ordinary Activities				
Community Amenities	44,161,400	38,455,057	39,100,140	39,100,140
Total Operating Revenues	44,161,400	38,455,057	39,100,140	39,100,140
Expenses from Ordinary Activities				
Governance	169,900	120,787	149,500	154,500
Community Amenities	21,481,150	19,297,028	17,787,420	19,017,020
Other Property and Services	1,755,500	1,163,602	1,868,000	1,976,000
Resource Recovery Facility	18,255,859	12,263,512	16,171,600	13,174,000
Total Operating Expenses	41,662,409	32,844,929	35,976,520	34,321,520
Profit on Sale of Assets				
Community Amenities	0	27,875	27,800	27,800
Total Profit on Sale of Assets	0	27,875	27,800	27,800
Loss on Sale of Assets				
Community Amenities	8,700	12,459	28,700	28,700
Total Profit on Sale of Assets	8,700	12,459	28,700	28,700
Borrowing Costs Expense				
Community Amenities	681,000	837,012	880,400	814,400
Resource Recovery Facility	584,000	536,600	536,600	536,600
Total Borrowing Cost Expense	1,265,000	1,373,612	1,417,000	1,351,000
Net Result	1,225,291	4,251,932	1,705,720	3,426,720

Budget 10/11
Expenditures by Location

MRC RRF Facility \$18.25M
45% (09/10 - 45%)

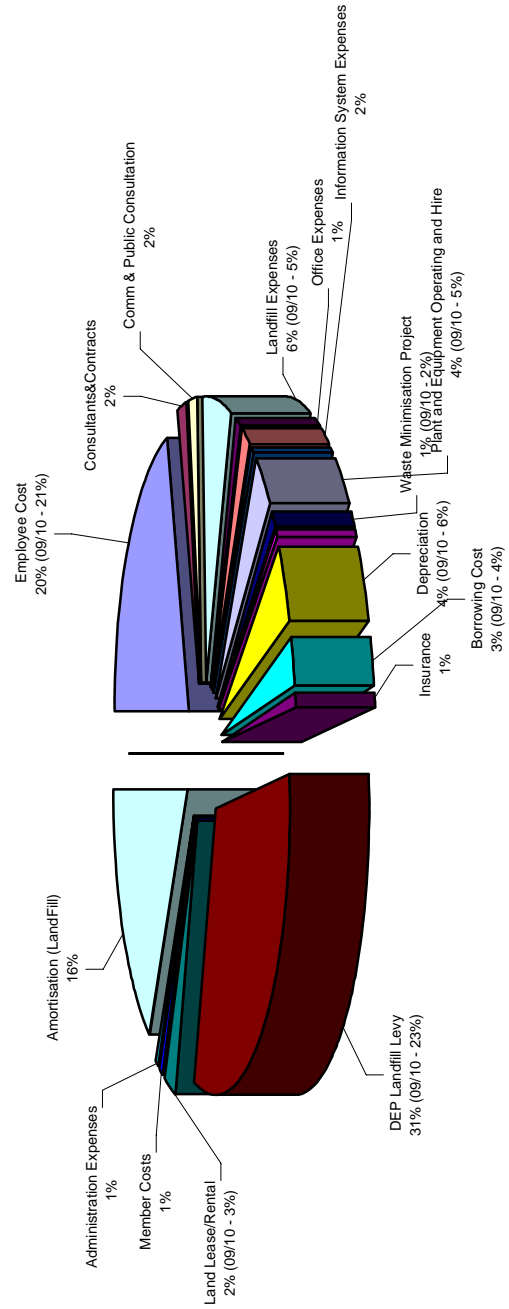
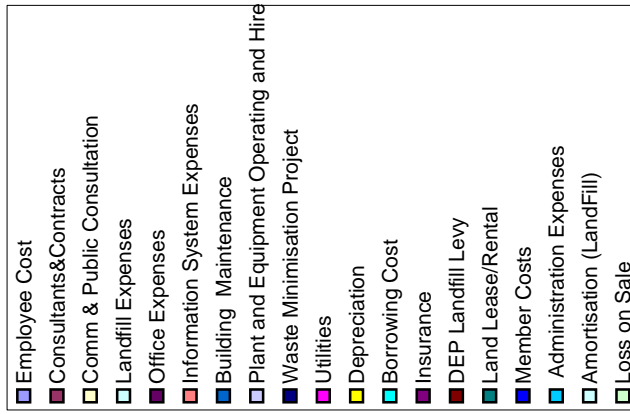


MRC Landfill Facility \$25.27M
55% (09/10 - 55%)

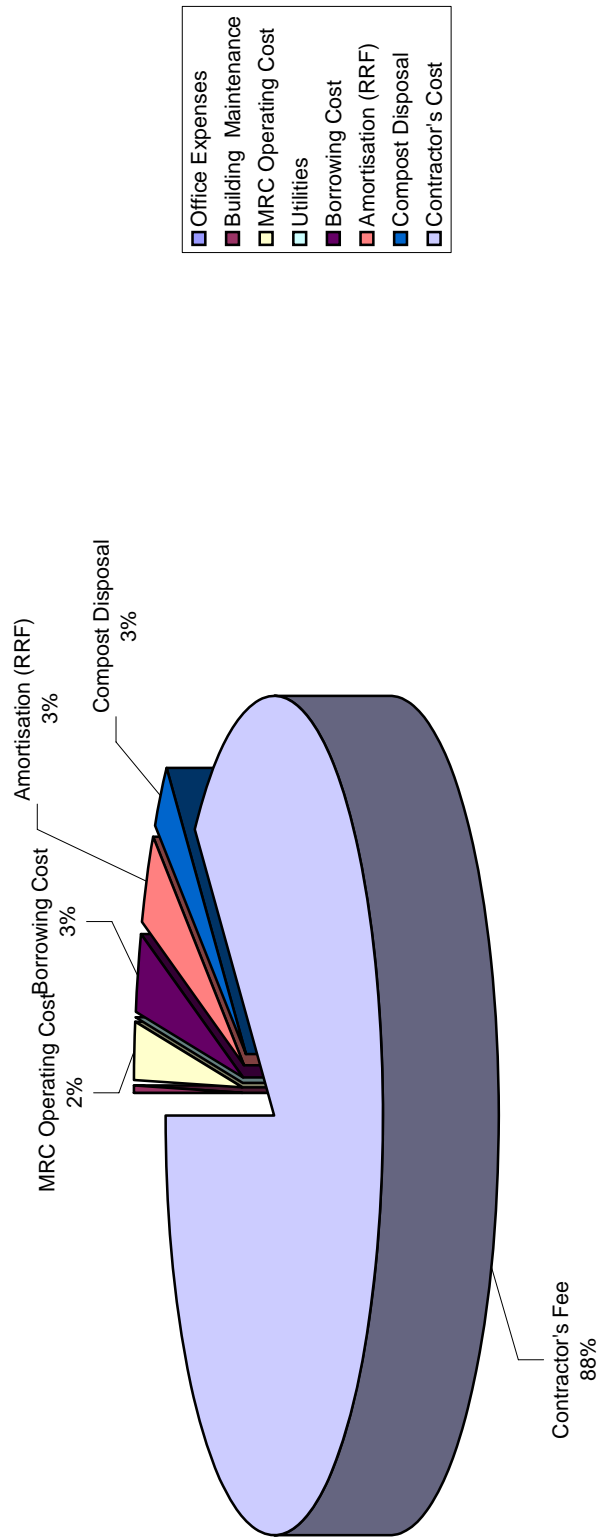


Tamala Park
RRF

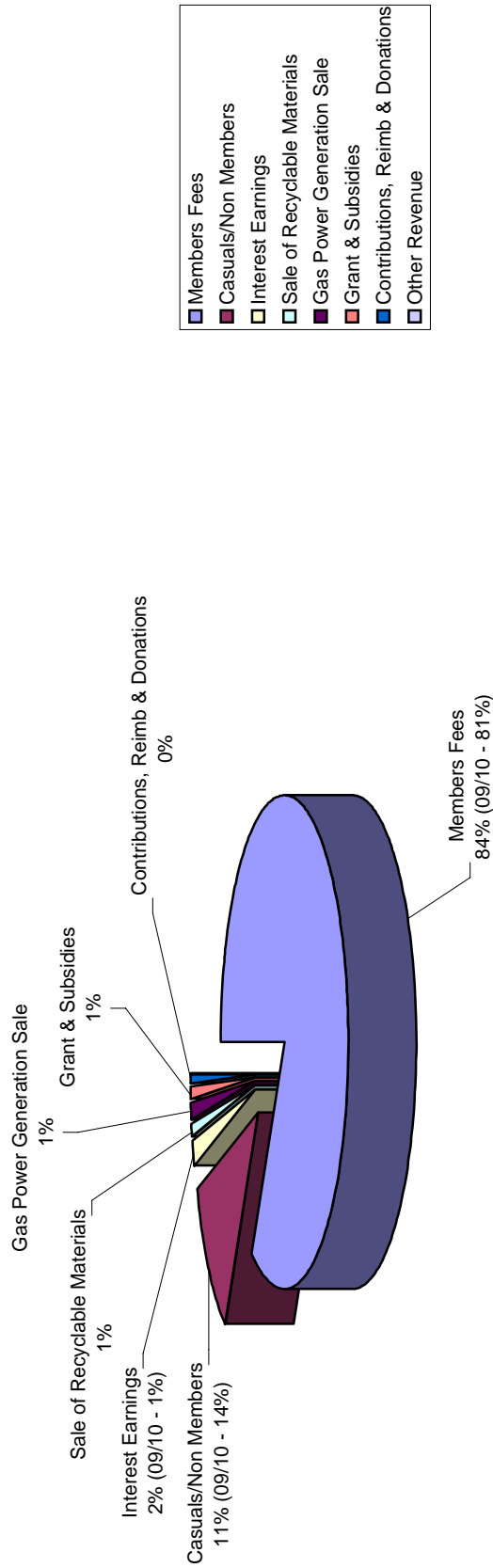
Budget 10/11
 MRC Landfill Facility Expenditures



Budget 10/11
MRC RRF Facility Expenditures



Budget 10/11
Total Revenue



ATTACHMENT THREE
TO ITEM 7.1
SPECIAL COUNCIL MEETING
24 JUNE 2010
SCHEDULE OF CAPITAL EXPENDITURE
SCHEDULE OF DISPOSAL OF ASSETS

Mindarie Regional Council
NOTES TO AND FORMING PART OF THE BUDGET
 For the year ending 30 June 2010

Proposed Budget
2010/2011

The following assets are budgeted to be acquired during the year

BY PROGRAM

Community Amenities

Machinery and Equipment	271,000
Furniture and Equipment	10,000
Computing Equipment	77,200
Land and Buildings	12,469,500
Infrastructure - Operations	19,500
Infrastructure - Landfill	5,520,000
Infrastructure - RRF	135,000
	18,502,200

Other Property and Services

Plant and Vehicles	1,045,500
	1,045,500
	19,547,700

BY CLASS

Plant and Vehicles	1,045,500
Machinery and Equipment	271,000
Furniture and Equipment	10,000
Computing Equipment	77,200
Land and Buildings	12,469,500
Infrastructure - Operations	19,500
Infrastructure - Landfill	5,520,000
Infrastructure - RRF	135,000
	19,547,700

Mindarie Regional Council
NOTES TO AND FORMING PART OF THE BUDGET
For the year ending 30 June 2011

**Proposed Budget
2010/2011**

The following assets are budgeted to be acquired during the year.

PLANT, VEHICLES AND MACHINERIES

Plant and Vehicles

Landfill Compactor	1,030,000
Ride-on Mower	15,500
	1,045,500

Machinery and Equipment

Hook Lift Bin	14,000
8x Bunded Pallets	5,800
6x Grey Nally Bins	2,500
1x Stacking Turntables	4,200
1x Anionic Resin Exchanger	2,000
1x Refridgerant Recovery Unit	2,500
<i>brought forward items:</i>	
New Tarpomatic System	240,000
	271,000

TOTAL PLANT, VEHICLES AND MACHINERIES	1,316,500
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FURNITURE AND EQUIPMENT

Furniture & Fittings

Replacement of Furnitures	10,000
	10,000

TOTAL FURNITURE AND EQUIPMENT	10,000
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COMPUTING EQUIPMENT

Computing Equipment

Replacement of Laptop - CEO	4,000
Replacement of Laptop - Financial Accountant	3,200
Replacement of Desktop - Receptionist	1,500
Replacement of Desktop - Plant Supervisor	1,500
Replacement of Desktop - Project Manager	1,500
Replacement of Desktop - TRIM Computer	1,500
Replacement of Desktop - Recycling Point of Sale	1,500
New Laptop - Marketing and Education Manager	2,500
Replacement of MRCTPS003 Server	25,000
Upgrade Core Switches for the Existing Servers	20,000
Various Replacement of Computing Equipments	15,000
	77,200

TOTAL COMPUTING EQUIPMENT	77,200
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Mindarie Regional Council
NOTES TO AND FORMING PART OF THE BUDGET
For the year ending 30 June 2011

	Proposed Budget 2010/2011
BUILDING	
Building	
Recycling Centre Lunch Room Extension	17,500
Patio and Office Renovation	92,000
<i>brought forward items:</i>	
Workshop Extension	350,000
Ground Maintenance Shed	10,000
TOTAL BUILDINGS	469,500
 LAND	
Land	
<i>brought forward items:</i>	
Land Purchase (New Landfill Site)	12,000,000
TOTAL LAND	12,000,000
TOTAL LAND AND BUILDINGS	12,469,500
 INFRASTRUCTURE	
Operations	
Boom Gates	19,500
	19,500
 Landfill Phase 3 Development	
Pumps and Compressor Station	85,000
Design, Superintendence	50,000
Clay Lining	2,000,000
Project Management	15,000
	2,150,000
 Landfill Stage 2 Capping	
Design, Superintendence	150,000
Cap Construction	3,000,000
Revegetation	200,000
Project Management	20,000
	3,370,000
 Resource Recovery Facility	
Site Infrastructure additional Costs	25,000
<i>brought forward items:</i>	
Site Infrastructure	110,000
	135,000
TOTAL INFRASTRUCTURE	5,674,500

Mindarie Regional Council
NOTES TO AND FORMING PART OF THE BUDGET
For the year ending 30 June 2010

	2009/2010 Net Book Value	2010/2011 Sale Proceeds	2010/2011 Profit (Loss)
DISPOSAL OF ASSETS			
The following assets are budgeted to be disposed during the year			
BY PROGRAM			
Other Property and Services			
Tana G360 (Plant 36)	188,700	(180,000)	(8,700)
	188,700	(180,000)	(8,700)
BY CLASS			
Plant and Vehicles			
Tana G360 (Plant 36)	188,700	(180,000)	(8,700)
	188,700	(180,000)	(8,700)
Summary			Budget
Profit on Sale of Disposal			(8,700)
Loss on Sale of Disposal			(8,700)

ATTACHMENT FOUR
TO ITEM 7.1
SPECIAL COUNCIL MEETING
24 JUNE 2010
SCHEDULE OF FEES – NON MEMBERS

MINDARIE REGIONAL COUNCIL
"TAMALA PARK" REFUSE AND RECYCLING CENTRE
SCHEDULE OF PROPOSED FEES AND CHARGES 2010/2011
Effective 1 July 2010

		Fee (GST inclusive) from 1 July 2009	GST Payable to ATO	PROPOSED Fee (GST inclusive) from 1 July 2010	GST Payable to ATO
1	(a) GENERAL ENTRY General waste and household rubbish (domestic) excepting liquid waste, swill or semi liquid waste. Charge per tonne Minimum charge for entry to site	\$120.00 \$10.00	\$10.91 \$0.91	\$138.00 \$12.00	\$12.55 \$1.09
	(b) Swill or Semi Liquid Waste	Not Accepted		Not Accepted	
	(c) In the event of weighbridge breakdown due to power failure, maintenance or repairs the following fees shall apply to (a) above (I) All vehicles carrying uncompacted waste - per wheel of truck or trailer (larger than 1.8mx1.2m) Trailer (1.8mx1.2m or less) (II) All vehicles carrying compacted waste - per wheel of truck or trailer	\$35.00 \$35.00 \$70.00	\$3.18 \$3.18 \$6.36	\$40.00 \$40.00 \$80.00	\$3.64 \$3.64 \$7.27
	(d) Asbestos - whole loads per tonne (incl burial fee)	\$150.00	\$13.64	\$200.00	\$18.18
	(e) Unweighed Load (Drive-Aways)	\$50.00	4.55	\$60.00	5.45
2	SPECIAL BURIALS (SUPERVISED) At the discretion of the Site Controller in addition to the tonnage rates Charge per 5 cubic metres	\$180.00	\$16.36	\$200.00	\$18.18
3	CONTROLLED WASTE PER TONNE	\$200.00	\$18.18	\$200.00	\$18.18
4	SPECIAL COMMERCIAL TERMS In Lieu of the charges in 1, 2 & 3 above the following apply:				
	(a) Motor bodies and old machinery each item	\$25.00	\$2.27	\$25.00	\$2.27
	(b) Animal Carcasses Small domestic animals Large animals (Sheep and cattle etc)	\$8.00 \$20.00	\$0.73 \$1.82	\$8.00 \$20.00	\$0.73 \$1.82
	(c) Car Tyres only (Max disposal 4) - per 4 tyre, pro rata for < 4 Per tonne	\$15.00 \$300.00	\$1.36 \$27.27	\$18.00 \$300.00	\$1.64 \$27.27
(d) Safe sharp containers 7 litre or less each Over 7 litres per litre	\$13.00 \$1.30	\$1.18 \$0.12	\$13.00 \$1.50	\$1.18 \$0.14	
(e) Light weight bulk material less 300 kg Per cubic metre - each cubic metre	\$50.00	\$4.55	\$60.00	\$5.45	
5	REPLACEMENT OF LOST/DAMAGED DCS CARDS (a) Replacement of DCS Cards			\$50.00	\$4.55
6	INFRINGEMENT AGENCY COSTS Debt Collection Fee				
	(a)				
	(b) Dishonoured Cheque Fee	\$15.00	\$1.36	\$20.00	\$1.82

ATTACHMENT FIVE
TO ITEM 7.1
SPECIAL COUNCIL MEETING
24 JUNE 2010
SUPPLEMENTARY FINANCIAL STATEMENTS
LOAN SCHEDULES

INFORMATION ON BORROWINGS

(a) Loan Repayments

Actual

	Value of Loan Approved	Interest Rates	Principal 01/07/2009	Principal Drawn Down to 30/06/2010	Principal Repayments		Principal Outstanding		Interest Repayments		Scheduled repayment date	Projected early repayment date
					Estimated Actual to 30/06/2010	Estimated Actual to 30/06/2010	Estimated Actual to 30/06/2010	Estimated Actual to 30/06/2010				
Community Amenities												
Tamala Park Landfill												
Loan 8 - Building Upgrade	650,000	6.45%	376,435	0	65,876	310,559	22,344	31-May-14	30-Jun-12			
Loan 12 - Construction Stage 2 Phase 2	15,000,000	5.98%	11,249,969	0	1,666,680	9,583,287	473,252	15-Dec-15	30-Jun-12			
Regional Resource Recovery Facility												
Loan 11 - RRF Land Purchase	3,500,000	5.97%	1,940,815	0	187,360	1,753,455	258,683	30-May-25	30-Jun-15			
Loan 10a - RRF Infrastructure	2,000,000	6.16%	1,766,658	0	68,365	1,698,293	95,956	30-Mar-25	30-Jun-13			
Loan 10b - RRF Infrastructure (Interest Only)	2,600,000	Variable	2,600,000	0	0	2,600,000	129,338	30-Apr-25	30-Jun-13			
Loan 10c - RRF Infrastructure (Interest Only)	4,000,000	Variable	4,000,000	0	444,444	3,555,556	334,039	30-Apr-25	30-Jun-13			
TOTAL	27,750,000		21,933,877	0	2,432,725	19,501,150	1,313,612					
Facility Fee							60,000					
							1,373,612					
Total Borrowing Costs												

Budget

	Value of Loan Approved	Interest Rates	Principal 01/07/2010	Principal Drawn Down to 30/06/2011	Principal Repayments		Principal Outstanding		Interest Repayments		Scheduled repayment date	Projected early repayment date
					Estimated to 30/06/2011	Estimated to 30/06/2011	Estimated to 30/06/2011	Estimated to 30/06/2011				
Community Amenities												
Tamala Park Landfill												
Loan 8 - Building Upgrade	650,000	6.45%	310,558	0	70,361	240,197	18,000	31-May-14	30-Jun-12			
Loan 12 - Construction Stage 2 Phase 2	15,000,000	5.98%	9,583,290	0	1,666,680	7,916,608	523,600	15-Dec-15	30-Jun-12			
Regional Resource Recovery Facility												
Loan 11 - RRF Land Purchase	3,500,000	5.97%	1,753,455	0	199,750	1,553,705	99,400	30-May-25	30-Jun-15			
Loan 10a - RRF Infrastructure	2,000,000	6.16%	1,698,293	0	72,647	1,625,646	102,200	30-Mar-25	30-Jun-13			
Loan 10b - RRF Infrastructure (Interest Only)	2,600,000	Variable	2,600,000	0	0	2,600,000	143,000	30-Apr-25	30-Jun-13			
Loan 10c - RRF Infrastructure (Interest Only)	4,000,000	Variable	4,000,000	0	0	4,000,000	318,800	30-Apr-25	30-Jun-13			
Loan 13 - Redraw for Phase 3 Landfill	6,600,000		0	0	0	0	0		30-Jun-12			
Loan 14 - New Landfill Land Purchase	12,000,000		0	12,000,000	0	12,000,000	0		30-Jun-17			
TOTAL	46,350,000		19,945,596	12,000,000	2,009,438	29,936,156	1,205,000					
Facility Fee							60,000					
							1,265,000					
Total Borrowing Costs												

Note 1. The rate for Loan 12 is fixed for 5 years and will be reviewed in March 2012.
Note 2. Repayments schedule for Loan 10 (b) and (c) currently being arranged with the bank.
Note 3. Loan 13 was approved in 2009/2010 but is not expected to be drawdown in 2010/2011.

ATTACHMENT SIX
TO ITEM 7.1
SPECIAL COUNCIL MEETING
24 JUNE 2010
NEW INITIATIVES

NEW INITIATIVES

The new initiatives are summarised below in order of priority:

1.	- Full Time Technical Officer	91,500
	<p>MRC receives large volumes of hazardous waste, as that volume and diversity has increased the need to manage this issue constructively has arisen. The person employed in this position would be required to undertake a variety of hazardous waste tasks to ensure the Council operates the Tamala Park Hazardous Waste facility at world's best practice standards and that it complies with legislation. The majority of these tasks are an ongoing daily requirement and given their complex chemical nature they not able to be performed by other Council staff. The creation of the Technical Officer would reduce operating costs of hazardous waste collections and provide a point of reference to assist member councils with hazardous collection issues</p>	
2.	- Recycling Officer (0.5 FTE to Full-time)	47,200
	<p>In the FY 08/09 the MRC Recycling Centre processed approximately 13,000 paint cans. Early 2010 the Recycling Centre commenced processing paint cans from member councils effectively doubling the daily volume to be processed. Current staffing levels of 4 at weekdays and 5 on weekends at the Recycling Centre cannot sustain the required workload to process the increased paint can volumes. An additional full time staff member is needed to assist with the increased volume of paint material to be recycled from the Balcatta Recycling Centre.</p>	
3.	Landfill Gas Tendering	15,000
	<p>Funds needed to tender out the landfill gas management works at Tamala Park, including dealing with the successful tenderer during site establishment.</p>	
4.	RRF Stage 2 Development (reduced cost)	20,000
	<p>To develop a progression plan for the further development of Stage 2 RRF.</p>	
5.	Shopping Centre Program	\$5,000
	<p>Funding is to help MRC make some initial steps into shopping centres. Our aim is to get better visibility for the waste message in shopping centres which could be achieved either through scheduling the Roaming Recycler as a display or through working with shopping centres to create a "green room", a permanent space (often an unused shop) where people can bring items for recycling – particularly batteries and CFLs – and have waste messages on display. Initial contact with Mirrabooka Square demonstrated some interest.</p>	
6.	Zero Waste – MRC Contributions (in line with DEC funding requirements)	\$20,000
7.	Millipede Control	\$10,000
	<p>This budget item is for purchase of barrier materials, millipede Traps and to investigate methods of control for millipedes.</p>	
	TOTAL	\$208,700

ATTACHMENT SEVEN
TO ITEM 7.1
SPECIAL COUNCIL MEETING
24 JUNE 2010
STATEMENT OF FINANCIAL ACTIVITY

Mindarie Regional Council
STATEMENT OF FINANCIAL ACTIVITY
Projected Budget for the year ending 30 June 2011

	Note	Proposed Budget 2010/2011	Est Actual 30 June 2010	Adopted Budget 2009/2010
Cash Flows From Operating Activities				
Receipts				
User Charges - Non Member Council		0	16,229	337,100
User Charges - Casual Tipping Fees		5,018,000	4,710,426	5,018,140
Service Charges				
Sale of Recyclable Sales		340,000	444,936	240,000
Sale of Limestone		0	0	0
Gas Power Generation Sales		550,000	550,000	550,000
Grants & Subsidies		400,000	400,000	320,000
Contributions, Reimbursements & Donations		202,000	198,946	340,100
Interest Earnings		700,000	578,528	369,200
Other Revenue		10,200	95,034	10,200
Profit on Sale of Asset		0	27,875	27,800
		7,220,200	7,021,974	7,212,540
Payments				
Employee Costs		(4,867,400)	(4,300,132)	(4,300,140)
Materials and Contracts		(23,050,700)	(16,128,774)	(20,071,600)
Utilities		(133,700)	(123,941)	(131,300)
Depreciation		(1,133,700)	(1,042,941)	(1,159,080)
Amortisation		(4,858,309)	(4,873,800)	(4,588,800)
Borrowing Cost Expenses		(1,265,000)	(1,373,612)	(1,417,000)
Insurance		(160,700)	(143,900)	(127,400)
Other Expenditure		(8,457,900)	(6,231,441)	(5,598,200)
Loss on Sale of Asset		(8,700)	(12,459)	(28,700)
		(43,936,109)	(34,231,000)	(37,422,220)
Net Cash Provided By Operating Activities		(36,715,909)	(27,209,026)	(30,209,680)
Adjustments for Cash Budget Requirements				
Non-Cash Expenditure & Revenue				
(Profit)/Loss on Asset Disposals		8,700	(1,879)	900
Movement in Accrued Expenses		0	(1,358,847)	
Movement in Accrued Interest		0	(38,101)	
Movement in Accrued Salaries and Wages		0	(95,500)	
Movement in Employee Benefit Provisions		300,100	126,089	255,000
Movement in Prepayments		0	149,992	
Movement in Council Contributions		0	176,140	
Movement in Trade Creditors relating to investing activities		0	1,246,625	
Depreciation on Assets		1,133,700	1,042,941	1,159,080
Amortisation		4,858,309	4,873,800	4,588,800
Total Operating less non cash adjustments		(30,415,100)	(21,087,766)	(24,205,900)
Capital Expenditures				
Payments for Purchase of Property, Plant & Equipment	1	(13,873,200)	(402,163)	(13,073,300)
Payments for Construction of Infrastructure	1	(19,500)	(14,943)	(936,000)
Payments for Landfill Excavation & RRF	1	(5,655,000)	(6,678,478)	(16,288,700)
Total Capital Expenditures		(19,547,700)	(7,095,584)	(30,298,000)
Funding Sources				
Repayments of Self Supporting Loans		(2,009,438)	(2,432,725)	(1,988,281)
Proceeds from Self Supporting Loans	2 & 4	12,000,000	0	18,600,000
Proceeds from Sale of Plant and Equipment	4	180,000	84,707	292,000
Council Contributions	4	187,360	11,221	187,360
Transfer to Reserves		(5,000,000)	0	0
Net Position of Operating and Capital Expenditure		5,357,922	(2,336,797)	17,091,079
ADD: Estimated Liquid Assets Surplus/(Deficit) July 1 B/Fwd	3	13,074,151	12,133,342	12,612,353
LESS: Estimated Liquid Assets Surplus/(Deficit) June 30 B/Fwd	3	(5,410,473)	(13,074,151)	(7,114,932)
		7,663,678	(940,809)	5,497,421
User Charges - Member Councils		(36,941,200)	(31,460,957)	(31,915,400)

Note 1. The payments for purchase of assets in 2010/2011 is net of GST to make it comparable to the Budget 2010/2011 which is excluding GST.

Note 2. Approval of loan for the purchase of Land for \$12.0 million will be obtained once the land is identified.

Note 3.

Make up of Surplus Funding (Liquid Assets) Brought Forward and Carried Forward

	Proposed Budget 2010/2011	Est Actual 30 June 2010	Actual June 09
Cash	125,300	(711,022)	144,093
Investments	9,563,167	13,063,167	11,315,775
Trade Debtors	3,117,511	3,117,511	2,632,227
Inventories	37,152	37,152	8,927
Less:			
Reserves - Cash Restricted	(5,137,999)	(137,999)	(137,999)
Trade Creditors	(2,294,658)	(2,294,658)	(1,829,681)
	5,410,473	13,074,151	12,133,342

Note 4. Funding of Capital Expenditure program and Loan repayments of \$21.557 million:

Capital Expenditure	\$ 19,547,700
Loan Repayments	\$ 2,009,438
	\$ 21,557,138

This is funded as follows:

Operating Surplus (excl. Depreciation and Amortisation)	\$ 7,217,300	refer (a) below
New Loans	\$ 12,000,000	
Proceeds from Sale of Plant and Equipment	\$ 180,000	
Contributions from Member Councils	\$ 187,360	
Retained Surplus	\$ 1,972,478	
Total	\$ 21,557,138	

(a) Operating Surplus	\$1.225 million
Add: Depreciation	\$1.134 million
Amortisation	\$4.858 million
Total	\$7.217 million

ATTACHMENT EIGHT
TO ITEM 7.1
SPECIAL COUNCIL MEETING
24 JUNE 2010
CASHFLOW STATEMENT

Mindarie Regional Council
CASH FLOW STATEMENT
Projected Budget for the year ending 30 June 2011

	Proposed Budget 2010/2011	Estimated Actual 30 June 2010	Budget 2009/2010
Cash Flows From Operating Activities			
Receipts			
Fees and Charges	41,959,200	39,880,996	37,270,640
Service Charges	890,000	603,940	790,000
Grants & Subsidies	400,000	483,753	320,000
Contributions, Reimbursements & Donations	202,000	550,334	340,100
Interest Earnings	700,000	614,249	369,200
Goods and Services Tax		2,643,203	
Other Revenue	10,200	96,096	10,200
	44,161,400	44,872,572	39,100,140
Payments			
Employee Costs	(4,567,300)	(4,162,528)	(4,045,140)
Materials and Contracts	(23,050,700)	(18,013,009)	(20,071,600)
Utilities	(133,700)	(149,352)	(131,300)
Borrowing Cost Expenses	(1,265,000)	(1,393,387)	(1,417,000)
Insurance	(160,700)	(187,260)	(127,400)
Goods and Services Tax		(3,866,708)	
Other Expenses	(8,457,900)	(6,789,206)	(5,598,200)
	(37,635,300)	(34,561,450)	(31,390,640)
Net Cash Provided By Operating Activities	6,526,100	10,311,122	7,709,500
Cash Flows from Investing Activities			
Payments for Purchase of Property, Plant & Equipment	(13,873,200)	(388,626)	(13,073,300)
Payments for Construction of Infrastructure	(19,500)	(842,985)	(936,000)
Payments for Landfill Excavation & RRF	(5,655,000)	(5,850,437)	(16,288,700)
Council Capital Contributions	187,360	11,221	187,360
Proceeds from Sale of Plant and Equipment	180,000	84,707	292,000
Net Cash Used in Investing Activities	(19,180,340)	(6,986,119)	(29,818,640)
Cash Flows from Financing Activities			
Repayments of Self Supporting Loans	(2,009,438)	(2,432,725)	(1,988,281)
Proceeds from Self Supporting Loans	12,000,000	0	18,600,000
Net Cash Provided By (Used In) Financing Activities	9,990,562	(2,432,725)	16,611,719
Net Increase (Decrease) in Cash Held	(2,663,678)	892,278	(5,497,421)
Cash at the Beginning of year	12,352,146	11,459,868	11,461,648
Cash at end of Year	9,688,468	12,352,146	5,964,227

(a)

Notes to the Cashflow Statement

a) Reconciliation fo Cash

For the purpose of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Balance Sheet as follows:

Cash - Unrestricted	4,550,468	12,214,146	5,826,228
Cash - Restricted	5,137,999	137,999	137,999
	9,688,467	12,352,145	5,964,227

The following restrictions have been imposed by regulations or other externally imposed requirements:

Site Rehabilitation Reserve	137,999	137,999	137,999
RRF Operation Requirements	5,000,000		
	5,137,999	137,999	137,999

The transfer of \$5 million to Reserve for operational requirements is recommended for Council Approval in this Budget.

b) The minor difference in the Balance reported for the cash at the beginning of the year between the Estimated Actual and Budget 2009/10 figures is due to some minor amendments during the finalisation of the financial statements for 2008-09

c) The difference in the cash at the end of the year between the Estimated Actual and Budget 2009/2010 is due to the interruption in the RRF Operation which prevent the RRF operating at full capacity and variation in Capital Expenditure particularly the Lining project for Stage 2 Phase 3 Excavation Project. The balance of \$9 million will be carried forward and spread over for 4-5 years commencing 2010/2011.

ATTACHMENT NINE
TO ITEM 7.1
SPECIAL COUNCIL MEETING
24 JUNE 2010
RETAINED SURPLUS SCHEDULE

Mindarie Regional Council
Retained Surplus Schedule

Retained Surpluses

Financial Year	Members	Non-Members	Other Income less interest on loan 11	Total
Prior years	0	6,201,091	0	6,201,091
30-Jun-05	(82,393)	721,271	574,235	1,213,113
30-Jun-06	772,481	766,891	339,587	1,878,959
30-Jun-07	968,413	1,657,469	1,316,365	3,942,247
30-Jun-08	585,325	2,471,121	1,898,778	4,955,224
30-Jun-09	(297,971)	2,463,923	1,958,521	4,124,473
Total 30 June 2009	1,945,855	14,281,766	6,087,486	22,315,107

Add:

Estimated Surplus 2009/10

4,200,000

Estimated Surplus as at 30 June 2010

26,515,107

Less:

Proposed transfer to Reserve for RRF Operational Requirement

(5,000,000)

21,515,107