



AGENDA

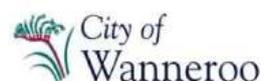
SPECIAL COUNCIL MEETING

TIME: 5.30pm

20 JUNE 2013

TOWN OF VICTORIA PARK

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



**MINDARIE REGIONAL COUNCIL
NOTICE OF MEETING**

14 June 2013

Councillors of the Mindarie Regional Local Government are advised that a Special Meeting of the Council will be held in the Council Chambers of the Town of Victoria Park, 99 Shepperton Road, Victoria Park at 5.30pm on Thursday 20 June 2013.

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 R Butler (Rob)	City of Perth
Cr D Boothman (David)	City of Stirling
Cr S Cooke (Sharon)	City of Stirling
Cr J Robbins (Jason)	City of Stirling
Cr B Stewart (Bill)	City of Stirling
Cr A MacTiernan (Alannah)	City of Vincent
Cr L Gray JP (Laura)	City of Wanneroo
Cr D Newton JP (Dot)	City of Wanneroo

It is a requirement that a Council carries a specific resolution for each occasion that the alternate member is to act when an elected member is unable to attend. As such by resolution the City of Wanneroo has nominated an alternate member.

City of Wanneroo appointed alternate member Cr Cvitan to the Mindarie Regional Council for the Special Council meeting to be held on Thursday 20 June 2013 in the absence of Cr Gray.

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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 REPORTS

7.1	ENGAGEMENT OF CONSULTANT TO ASSIST CEO PERFORMANCE REVIEW COMMITTEE REVIEW CEOs PERFORMANCE
File No:	PER/79
Appendix(s):	Nil
Date:	17 May 2013
Responsible Officer:	Sonia Cherico

SUMMARY

Report seeks to approve a Consultant to assist the CEO Performance Review Committee in reviewing the Chief Executive Officer’s (CEO) performance and remuneration as per current contract.

BACKGROUND

The current Chief Executive Officer, Brian Callander was appointed on 16 January 2012 for a (3) three year period. The contract of employment requires Council to review the CEO’s performance (clause 3.3) and remuneration (clause 5.5), the first review 6 months after commencement and then annually.

At the Ordinary Council Meeting 5 July 2012 John Phillips from WALGA was appointed to assist the CEO Performance Review Committee conduct the first 6 month review, which resulted in the following resolution of Council at its meeting 20 September 2012:

“That Council:

1. *ADOPTS the August 2012 Interim Performance Review Report*
 - a. *ENDORSES the overall rating of “Meets performance criteria and associated Performance Indicators at a highly satisfactory level”.*
 - b. *ENDORSES the draft Key Result Areas and Objectives for 2012/2013.*
 - c. *SCHEDULES the next appraisal process to commence in April 2013.*

2. *That Mr Brian Callander’s remuneration package as the Mindarie Regional Council’s Chief Executive Officer’s be increased to *\$XXXXXX (overall 5.0%), effective from the first pay period in July 2012.”*

**CEO’s remuneration value removed as it is negotiated under contract.*

DETAIL

On 23 April 2013 request for quotation letters were sent out to five Specialist Human Resource Consultants seeking quotation for services to assist Council’s CEO Performance Review Committee conduct the annual review of the CEO’s performance and remuneration. At the time of closing the request for quotation on 10 May 2013 three quotes were received. The following table details the consultants that responded to the request and the price that was quoted:

No.	Consultant Name	Price (\$)
1	WALGA - John Phillips	3,000
2	Gerard Daniels – Alison Gaines	23,000
3	QL Management Consultants	6,500

The CEO Performance Review Committee met on the 16 May 2013 where the quotations were tabled for discussion and comment. The committee resolved to recommend to Council the appointment of John Phillips from WALGA to perform the CEO Performance Review.

CONSULTATION

NIL

STATUTORY ENVIRONMENT

NIL

POLICY IMPLICATIONS

NIL

FINANCIAL IMPLICATIONS

The costs of engaging the consultant recommended by the Committee of \$3,000 is included in the 2012/13 Budget - Consultants - GL 5110.

STRATEGIC IMPLICATIONS

NIL

COMMENT

Submissions from consultants detailed the scope and process of work required to complete the CEO review, submission one (1) and three (3) were similar in the depth and methodology although cost differed by \$3,000. Submission two (2) provides work of greater depth outside the scope of work requested, reflected the cost being \$17k higher than other submissions. Submission one (1) John Phillips for WALGA meets the required scope of work at a reasonable cost to council.

VOTING REQUIREMENT

Simple Majority

RESPONSIBLE OFFICER RECOMMENDATION

That Council appoint John Phillips from WALGA to assist the CEO Performance Review Committee in reviewing the performance and remuneration of the Chief Executive Officer.

7.2	ENDORSEMENT OF STRATEGIC COMMUNITY PLAN AND CORPORATE BUSINESS PLAN AND OTHER PLANS ASSOCIATED WITH THE INTEGRATED PLANNING FRAMEWORK
File No:	COR/2-02
Appendix(s):	<ol style="list-style-type: none"> 1. Strategic Community Plan (2013/14 to 2033/34) 2. Corporate Business Plan (2013/14 to 2016/17) 3. Financial Plan (2013/14 to 2033/34) 4. Asset Management Plan (2013/14 to 2016/17) 5. Workforce Plan (2013/14 to 2016/17)
Date:	7 June 2013
Responsible Officer:	CEO

SUMMARY

The Strategic Community Plan, the Corporate Business Plan, the long term Financial Plan, the Asset Management Plan and the Workforce Plan have been developed to enable the Mindarie Regional Council (MRC) to plan for its future in accordance with the *Local Government Act 1995* and *Local Government (Administration) Regulations 1996*. The report seeks endorsement of the Plans and to provide notice to the public of the Councils decision.

BACKGROUND

On 26 August 2010 the Minister for Local Government introduced regulations which established new requirements for the plan for the future. The new requirement places an obligation on local government to have two key documents in place by the 30 June 2013 being a Strategic Community Plan and a Corporate Business Plan. Local government also has to ensure that these two plans were informed by resourcing and delivery strategies, which required the development of supporting plans if the local government did not already have them in place.

DETAIL

The MRC considered that this was an opportunity to review its current plans and its future objectives using this framework. In consultation with MRC's councillors and other stakeholders a new suite of plans have been developed.

The Strategic Community Plan defines the vision and sets objectives for the MRC over the next twenty years. The Executive Summary of this plan reads as follows:

“The Mindarie Regional Council is one of Western Australia’s largest waste management authorities assisting its member councils, mainly situated in Perth’s northern corridor, deal with their waste. The MRC recognises that waste does have a value as a resource and is committed to managing waste in line with the waste hierarchy and in a way sensitive to the environment and future generations.

The MRC’s Strategic Community Plan 2013/14 – 2033/34 ‘Winning Back Waste’, constitutes not only the consolidation of the MRC as a leader in the industry, but also hails a new direction. The Plan articulates a shared vision for waste management in the Region and shows how the MRC can deliver environmentally sustainable waste management for its communities.

Waste management is changing. Although landfilling is still seen as an important part of the industry, the focus is moving toward resource recovery and other higher order activities that minimise waste. The goal is to treat waste and offer solutions as high up on the waste hierarchy as practicable.

The Corporate Business Plan has been developed to focus on the first four years of the planning framework ensuring that the objectives of the Strategic Community Plan are implemented. The foreword contained in the Corporate Business Plan provides an overview of how this is going to be achieved, which reads as follows:

The Corporate Business Plan

- *Identifies and prioritises the principal strategies and activities the Mindarie Regional Council will undertake in response to the aspirations and objectives stated within the Strategic Community Plan; and*
- *States the services, operations and projects the MRC will deliver over the four year period of the Plan, including the method for delivering these and the associated cost.*

The Corporate Business Plan draws on the information contained within the Informing Plans, these being the Workforce Plan (WFP), the Asset Management Plan (AMP) and the Financial Plan (FP).

The Workforce Plan describes how the workforce is managed and flags the need for any changes in workforce numbers and skill requirements of the workforce.

The Asset Management Plan looks at the assets required to support the operations of the MRC and any changes to these assets (including replacements and maintenance of existing assets).

The Financial Plan is a long term plan for 20 years, ensuring that the aspirations of the organisation can be met financially, particularly highlighting foreseen major costs (infrastructure or other).

Due to uncertainties as outlined in the Strategic Community Plan, particularly with regard to the Local Government Review and the future role of Regional Councils, the Plan outlines a model where the MRC is to move forward and make step changes toward the goal of winning back waste. This Corporate Business Plan, looking at the next four years, therefore largely reflects a refocussing of the business with a gradual implementation of step changes within the business.

Many of the actions outlined in the Corporate Business Plan will be performed using existing workforce arrangements and assets. These initiatives will also be implemented within the existing budgeting parameters.

The MRC operates with 3 business units:

- *_ The Office of the CEO*
- *_ Operations*
- *_ Corporate Services*

Together the business plans of each of these business units combine to address the strategies within the Strategic Community Plan and as such also form the Corporate Business Plan which guides the business for the next four years. These are the operational plans used to manage the business day-to-day and are reviewed annually. It is these plans and the actions they contain that are used to inform the Annual Budget.

Reporting

The success in delivering the strategic actions as outlined in this plan will be measured by KPI's within the operational plans of the business units. These will then

be reported in the MRC’s Annual Report and their effectiveness in assisting in the achievement of the Strategic Community Plan’s Performance Targets.”

CONSULTATION

The Regulations require that the Strategic Community Plan be developed with input from the local governments’ electors and ratepayers. A Regional Council does not have ratepayers therefore the MRC’s Strategic Community Plan has been developed in close consultation with each of the member councils’ representatives on the MRC being a councillor/s nominated by each of the member councils. In addition to this the member councils’ CEO’s and Executive Staff along with a number of other stakeholder/groups have also been closely involved in the development of the Plans. The following table provides details of the stakeholders who attended, and the dates of, these workshops.

INFORM	INPUT	FORMALISE	SOCIALISE	FINALISE
MRC present high level information	MRC present some more detailed options and request feedback	Strategy and supporting plans presented for discussion	Draft final Strategic plan distributed for comment	Strategic plan finalised and adopted
September/October 2012	October/November 2012	March/April 2013	May 2013	June/July 2013
MRC Staff (18/09/12)	MRC Staff (05/11/12)	Councillors, Member Council CEOs and SWG - Workshop to discuss development of Community Plan (07/03/13)	Final draft of the Community Plan distributed for final comments	SCM - To consider formal endorsement of the Community Plan and the Corporate Plan and to adopt the 2013/2014 budget
Workshop Councillors, Member Council CEOs and SWG (27/09/12)	Councillors workshop (10/11/12)	MRC Staff - workshop on Community Plan and Vision (08/03/13)	Director Corporate Services to socialise plan with member council officers	MRC Staff - Launch of Community Plan followed by function (21/06/13)
	CEAG - Workshop (24/10/12)	CEAG - Workshop update on Community Plan (20/03/13)	Published on MRC website for public discussion	Launch of Community Plan followed by social dinner - Councillors, Member Council CEOs and SWG (04/07/13)
	WESSG - Workshop (30/10/12)	WESSG - Workshop update on Community Plan (26/03/13)		
		Councillor and Member Council CEOs and SWG Officers - Workshop on finalisation of Community and 2013/2014 budget deliberations (17/04/13)		

TWG - Technical Working Group
 SWG - Strategic Working Group
 CEAG - Community Engagement Advisory Group
 WESSG - Waste Education Strategic Steering Group

STATUTORY ENVIRONMENT

The *Local Government Act 1995* requires local governments to plan for its future. The *Local Government (Administration) Regulations 1996* prescribes the manner in which local government is to demonstrate in the form of plans how it has met the requirements of the Act. The relevant legislative requirements follow:

Local Government Act 1995

“5.56. Planning for the future

- (1) A local government is to plan for the future of the district.*
- (2) A local government is to ensure that plans made under subsection (1) are in accordance with any regulations made about planning for the future of the district.*

Local Government (Administration) Regulations 1996

“19C. Strategic community plans, requirements for (Act s. 5.56)

- (1) A local government is to ensure that a strategic community plan is made for its district in accordance with this regulation in respect of each financial year after the financial year ending 30 June 2013.*
 - (2) A strategic community plan for a district is to cover the period specified in the plan, which is to be at least 10 financial years.*
 - (3) A strategic community plan for a district is to set out the vision, aspirations and objectives of the community in the district.*
 - (4) A local government is to review the current strategic community plan for its district at least once every 4 years.*
 - (5) In making or reviewing a strategic community plan, a local government is to have regard to —*
 - (a) the capacity of its current resources and the anticipated capacity of its future resources; and*
 - (b) strategic performance indicators and the ways of measuring its strategic performance by the application of those indicators; and*
 - (c) demographic trends.*
 - (6) Subject to subregulation (9), a local government may modify its strategic community plan, including extending the period the plan is made in respect of.*
 - (7) A council is to consider a strategic community plan, or modifications of such a plan, submitted to it and is to determine* whether or not to adopt the plan or the modifications.*
- *Absolute majority required.*
- (8) If a strategic community plan is, or modifications of a strategic community plan are, adopted by the council, the plan or modified plan applies to the district for the period specified in the plan.*
 - (9) A local government is to ensure that the electors and ratepayers of its district are consulted during the development of a strategic community plan and when preparing modifications of a strategic community plan.*
 - (10) A strategic community plan for a district is to contain a description of the involvement of the electors and ratepayers of the district in the development of the plan or the preparation of modifications of the plan.*

[Regulation 19C inserted in Gazette 26 Aug 2011 p. 3483-4.]

19DA. *Corporate business plans, requirements for (Act s. 5.56)*

- (1) *A local government is to ensure that a corporate business plan is made for its district in accordance with this regulation in respect of each financial year after the financial year ending 30 June 2013.*
 - (2) *A corporate business plan for a district is to cover the period specified in the plan, which is to be at least 4 financial years.*
 - (3) *A corporate business plan for a district is to —*
 - (a) *set out, consistently with any relevant priorities set out in the strategic community plan for the district, a local government’s priorities for dealing with the objectives and aspirations of the community in the district; and*
 - (b) *govern a local government’s internal business planning by expressing a local government’s priorities by reference to operations that are within the capacity of the local government’s resources; and*
 - (c) *develop and integrate matters relating to resources, including asset management, workforce planning and long-term financial planning.*
 - (4) *A local government is to review the current corporate business plan for its district every year.*
 - (5) *A local government may modify a corporate business plan, including extending the period the plan is made in respect of and modifying the plan if required because of modification of the local government’s strategic community plan.*
 - (6) *A council is to consider a corporate business plan, or modifications of such a plan, submitted to it and is to determine* whether or not to adopt the plan or the modifications.*
- *Absolute majority required.*
- (7) *If a corporate business plan is, or modifications of a corporate business plan are, adopted by the council, the plan or modified plan applies to the district for the period specified in the plan.*

[Regulation 19DA inserted in Gazette 26 Aug 2011 p. 3484-5.]

19DB. *Transitional provisions for plans for the future until 30 June 2013*

- (1) *In this regulation —*

former regulation 19C *means regulation 19C as in force immediately before 26 August 2011 and continued under subregulation (2);*

former regulation 19D *means regulation 19D as in force immediately before 26 August 2011;*

plan for the future *means a plan for the future of its district made by a local government in accordance with former regulation 19C.*
 - (2) *Except as stated in this regulation, former regulation 19C continues to have effect on and after 26 August 2011 until this regulation expires under subregulation (7).*
 - (3) *A local government is to ensure that a plan for the future applies in respect of each financial year before the financial year ending 30 June 2014.*
-

-
- (4) *A local government is not required to review a plan for the future under former regulation 19C(4) on or after 26 August 2011.*
 - (5) *If, for the purposes of complying with subregulation (3), a local government makes a new plan for the future, local public notice of the adoption of the plan is to be given in accordance with former regulation 19D.*
 - (6) *If a local government modifies a plan for the future under former regulation 19C(4), whether for the purposes of complying with subregulation (3) or otherwise —*
 - (a) *the local government is not required to comply with former regulation 19C(7) or (8) in relation to the modifications of the plan; and*
 - (b) *local public notice of the adoption of the modifications of the plan is to be given in accordance with former regulation 19D.*
 - (7) *This regulation expires at the end of 30 June 2013.*

[Regulation 19DB inserted in Gazette 26 Aug 2011 p. 3485-6.]

19D. Adoption of plan, public notice of to be given

- (1) *After the adoption of a strategic community plan, or modifications of a strategic community plan, under regulation 19C, the local government is to give local public notice in accordance with subregulation (2).*
- (2) *The local public notice is to contain —*
 - (a) *notification that —*
 - (i) *a strategic community plan for the district has been adopted by the council and is to apply to the district for the period specified in the plan; and*
 - (ii) *details of where and when the plan may be inspected;*
 - or*
 - (b) *where a strategic community plan for the district has been modified —*
 - (i) *notification that the modifications to the plan have been adopted by the council and the plan as modified is to apply to the district for the period specified in the plan; and*
 - (ii) *details of where and when the modified plan may be inspected.”*

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

The Integrated Planning Framework ensures that the future of local government/regional council is set using long term strategies backed by shorter termed implementation plans. An important element of the Framework is the need for the Plans to be reviewed regularly accepting that the services required to meet the needs of the member councils change over time and ensuring that the Plans keep up with these changes and remain relevant over their life span.

The Plans will be referenced in reports to council and in discussion with the Strategic Working Group to ensure that the MRC remains focussed on its future as directed by the plans.

COMMENT

The Plans developed will provide MRC with the opportunities to develop its services thus ensuring its relevance to, and meets the future needs of, its member councils. The commitment to Step change, that is, providing infrastructure solutions ensures that the MRC will go a long way to meeting the targets set by the Waste Authority.

VOTING REQUIREMENT

Simple Majority / Absolute Majority

RESPONSIBLE OFFICER RECOMMENDATION

A. That:

- 1. The Strategic Community Plan (2013/14 to 2033/34) and The Corporate Business Plan (2013/14 to 2016/17) as contained in Appendices 1 and 2 be adopted.**
- 2. In accordance with s.19D of the Local Government (Administration) Regulations 1996 Local Public Notice be given advising that the Strategic Community Plan detailed in A.1. above has been adopted by the Council and that the Plans are available on the website and at the Administration Office of the Mindarie Regional Council.**

(Absolute Majority Required)

B. That:

**The Financial Plan (2013/14 to 2033/34);
The Asset Management Plan (2013/14 to 2016/17); and
The Workforce Plan (2013/14 to 2016/17)
as contained in Appendices 3, 4 and 5 be adopted.**

7.3	BUDGET APPROVAL FINANCIAL YEAR 2013/14
File No:	FIN/134
Appendix(s):	Statutory Budget and Supplementary Information
Date:	13 June 2013
Responsible Officer:	Gunther Hoppe

SUMMARY

The purpose of this Item is to present the Budget for 2013/14 to the Council for approval and adoption.

BACKGROUND

The 2013/14 budget process commenced in March 2013 and included two workshops held with Councillors and Officers on 17 April and 16 May 2013 respectively.

The underlying operating budget has been developed from a 'zero base' in discussion with the managers across the business and has been reviewed in detail to ensure that the Mindarie Regional Council (MRC) continues to deliver its current service offering in an efficient, cost effective manner.

The budget has been premised on a 'business-as-usual' basis, taking into account two significant infrastructure projects which have been identified from the development of the MRC's Strategic Community Plan. These projects, which are the purchase of a new landfill site (\$6 million) and the construction of a new waste sorting shed (\$4 million), are both planned for June 2014.

Feedback from Councillors and Officers provided from the budget workshops has been incorporated in this final draft of the budget.

Some of the significant changes between the 2012/13 and 2013/14 budgets include:

- The decrease in expected Non-member tonnes from 53,000 to 40,000 based on current year trends;
- The inclusion of 73,000 tonnes of waste from the City of Stirling (Stirling) as a result of the Council's decision to not renew the tipping exemption granted to Stirling;
- The fact that the Members' gate fee has not been adjusted to take into account the additional 73,000 tonnes from Stirling, given the contentious nature of the tonnes.

Overall, this results in an increase in the Members' gate fee from \$137 per tonne (2012/13) to \$149 per tonne (2013/14), both excluding GST.

This represents an increase of \$12 (8.8%) year-on-year. The \$12 increase relates to normal operating cost increases across various areas of the business, including: employee costs; new insurance cover for potential environmental events; dramatically increased property rates; required site remediation works; and an increase in the dollar value of site development costs attributed to each tonne of waste landfilled.

The Non-members' gate fee has remained largely unaltered at \$150.91 per tonne (2013/14) compared to \$151.40 per tonne (2012/13), both excluding GST.

The decision not to increase the Non-members' gate fee was made taking into account the significant drop in Non-member tipping that was experienced in 2012/13. Non-member tonnes had been budgeted at 53,000 tonnes for the year, but in reality, the actual result for the 2012/13 financial year is likely to be closer to 40,000 tonnes. Discussions with customers have revealed that this drop is purely in response to price increases which have been made in the last two years.

Keeping the Non-members' fee static is part of a strategy to ensure that we do not drop below the 40,000 Non-member tonnes forecast for 2013/14.

DETAIL

Budget 2013/14

The Budget for 2013/14 takes into account 73,000 tonnes of waste from Stirling, based on a Council decision not to extend a tipping exemption granted to Stirling. The revenue and costs associated with these additional tonnes are taken into account in the budget, however, given the contentious nature of these tonnes, they have not been taken into account in setting the Members' gate fee.

The consequence of this is that the MRC is budgeting a surplus for the 2013/14 financial year of \$7.8 million.

Where Stirling commences tipping as planned and this is evident during the first quarter of the financial year, a review of the Members' gate fee will be made to take this into account, with the reduced Members' gate fee rate being passed on to all member councils.

No changes in assumptions have been made with regard to the calculation of the carbon price.

Significant increases in costs year-on-year are outlined in more detail below.

Employee costs

Employee costs have increased by \$260,996 (6%) which is largely driven by the current Enterprise Agreement which contemplates annual increases of 5%. The balance of the increase relates to an additional 0.8 of a Full Time equivalent employee which has been added to meet business requirements.

Landfill expenses

Landfill expenses have increased by \$259,900 (32%) primarily as a result of three site remediation/management projects which are required to be undertaken in the current year encompassing landfill gas migration management, groundwater management and flora reestablishment work.

Plant and equipment operating and hire costs

Operating and hire costs are up by \$97,000 (10%) as a result of increased fuel and tyre repair costs, based on the actual expenses incurred on 2012/13.

RRF Costs

The RRF costs have increased by \$1,555,114 (7%) largely as a result of the following:

- Redirection of the coarse heavy residue fraction from a Class 1 landfill to Tamala Park (\$470k)
 - Contractual increases in processing costs, largely driven by CPI inflators (\$501k)
-

- Pass through cost of the increase in the MRC gate fee (\$584k)

Utilities

Utility costs have increased by \$192,700 (105%) primarily as a result of a \$160,000 increase in land rates charged to the MRC by the City of Wanneroo. The balance relates to increased electricity costs to power a leachate compressor which was converted from diesel to electricity.

Insurance

Insurance costs have increased by \$128,400 (64%) mainly due to the additional insurance cover budgeted to address an environmental event caused by either gas or water migration.

Amortisation of cell development expenditure

The allocation of cell development expenditure costs have increased by \$1,041,400 (64%) for the year. This is driven by an increase in tonnes and a change in the allocation rate. The additional tonnes, primarily from Stirling, account for \$661,000 of the increase. The remainder of the increase of \$380,400 relates to a change in the rate at which the costs are absorbed based on a revision in accounting estimates.

Tonnages

Approximately 270,994 tonnes (Budget 2012/13: 200,281 tonnes) of waste are expected to be delivered to the MRC by Member Councils during the course of the year.

Of this, 100,000 tonnes (Budget 2012/13: 100,000 tonnes) is expected to be diverted to the RRF, which will in turn generate 48,700 tonnes (Budget 2012/13: 44,070 tonnes) of residue which will be sent back to Tamala Park. The RRF waste diversion target is set at 51.3%.

Non-members are expected to deliver 40,000 tonnes (Budget 2012/13: 53,000 tonnes) to Tamala Park.

Capital Expenditure

The following capital expenditures have been included in the Budget for 2013/14:

New capital expenditures

		\$
• Land Purchase (new Landfill Site)		2,000,000
• Cell lining		1,500,000
• Sorting shed		4,000,000
• Building upgrades		140,000
• Office furniture and equipment		27,000
• Computer equipment		87,700
- Server upgrades	38,000	
- New hardware	18,700	
- New UPS units	31,000	
• Plant and equipment		90,000
- Tarpomatic tarps	25,000	
- Hook lift bins	40,000	
- Tarpomatic spindle	25,000	
• Infrastructure		220,000
- Gas well installations	75,000	
- PV cells for buildings	30,000	
- Litter fencing	60,000	
- Bore pump	15,000	
- Tipface lighting tower	40,000	
• Vehicles		1,306,000
- Dump truck	405,000	
- Electric buggy	16,000	
- Kubota	20,000	
- Front end Loader	405,000	
- Front end Loader	405,000	
- Forklift	25,000	
- Workshop supervisor vehicle	30,000	
		9,370,700

Carried forward capital expenditures

• Land Purchase (new Landfill Site)	4,000,000
• New skid steer	80,000
	4,080,000

Total Capital expenditure **13,450,700**

Reserves

The revised Cash Backed Reserves with the projected balances at 30 June 2014 would be as follows:

Site rehabilitation Reserve

Estimated balance at 30 June 2014: \$5,805,949

Purpose: *To be used to fund post closure site rehabilitation costs associated with the Tamala Park landfill site.*

A transfer of \$378,300 to this reserve is anticipated during the course of the year with no anticipated drawdowns on the reserve.

Reserve for Capital Expenditure

Estimated balance at 30 June 2014: \$150,000

Purpose: *To be used to fund the ongoing capital expenditure requirements.*

A transfer of \$1,052,343 to this reserve is anticipated during the course of the year with drawdowns to fund capital expenditures of \$1,950,700 withdrawn from the reserve.

Participants' Surplus Reserve Account

Estimated balance at 30 June 2014: \$2,029,282

Purpose: *To be used to fund any deficit or part of a deficit as shown in the annual financial report of the MRC.*

No transfers to the reserve are anticipated during the course of the year, although as much as is needed to fund the audited 30 June 2013 deficit will be withdrawn from the reserve in line with Council's resolution at the 7 March 2013 Ordinary Council Meeting which was to:

“Approve by Absolute Majority that the MRC continue to run a deficit budget until 30 June 2013, at which stage the deficit at year end (forecast to be \$1,341,541) as detailed in the Annual Financial Report will be funded using the Participants' Surplus Reserve.”

Carbon Price Reserve

Estimated balance at 30 June 2014: \$3,322,000

Purpose: *To be used to fund the MRC's liability arising from the Carbon Price Mechanism.*

A transfer to the reserve of \$1,922,000 is anticipated during the course of the year and sufficient funds to acquit the MRC's carbon price liability at 30 June 2013 will be withdrawn from the reserve.

Surplus

The Budget shows a forecast surplus of \$7,814,006.

Funding Plan

- Operational expenditures will be funded from the Members' and Non-members' gate fees.
-

-
- Capital Expenditure (excluding landfill cell development, the construction of the sorting shed and the purchase of land) will be funded from the Capital Expenditure Reserve.
 - Other Capital expenditure relating to cell development and the purchase of land will be funded from dedicated new loans. It is anticipated that a new loans of \$6 million, \$1.5 million and \$4 million will be required to fund the land acquisition, the cell lining and the construction of the sorting shed respectively.

SUMMARY OF ATTACHMENTS

Attachment to this Item is as follows:

- Attachment 1 – Statutory Budget and Supplementary Information

CONSULTATION

Two workshops for Councillors and Officers were conducted in April and May 2013 respectively to discuss the 2013/14 Budget. Feedback from these workshops has been taken into account in compiling this final draft of the budget.

STATUTORY ENVIRONMENT

Budget approval is required by end of August 2013 in accordance with section 6.2 of the Local Government Act 1995 (as amended).

Modifications of existing reserves and creation of new reserves is done in compliance with section 6.11 of the Local Government Act 1995 (as amended).

POLICY IMPLICATIONS

The 2013/14 budget process is consistent with existing MRC policy.

FINANCIAL IMPLICATIONS

As detailed in the Attachment.

STRATEGIC IMPLICATIONS

The Budget for 2013/14 has been derived from the MRC's new Strategic Community Plan, the Corporate Business Plan, the Asset Management Plan, the Workforce Plan and the 20 year Financial Plan and is consistent with these documents in all respects, in compliance with section 6.2(2) of the Local Government Act 1995 (as amended).

VOTING REQUIREMENT

Absolute Majority

ADDITIONAL COMMENTS

Subsequent to the second budget workshop held on 16 May 2013, the following minor adjustments have been made to the budget:

- Additional legal costs of \$50,000 have been included in the budget in light of developments surrounding the City of Stirling withdrawal
- An additional amount of \$7,900 has been included for building maintenance
- An additional \$40,000 has been included in capital expenditures to allow for the purchase of an industrial lighting unit for the tipface.

No adjustment to the Members' gate fee has been made in respect of these items.

RESPONSIBLE OFFICER RECOMMENDATION

That Council:

- (i) adopt the Budget for the Mindarie Regional Council for Financial Year 2013/14
- (ii) endorse the on-going strategy of deferred payment of operational surplus, as approved by Council at its August 2005 meeting, for the Financial Year 2005/2006 and future years to meet its on-going capital requirement
- (iii) approve the use of an on-going overdraft facility of \$1 million to manage cashflow 'short falls' during Financial Year 2013/14 and future years
- (iv) Approve the Capital Budget Program of \$13,450,700 for 2013/14 as follows:

New capital expenditures

	\$
• Land Purchase (new Landfill Site)	2,000,000
• Cell lining	1,500,000
• Sorting shed	4,000,000
• Building upgrades	140,000
• Office furniture and equipment	27,000
• Computer equipment	87,700
• Plant and equipment	90,000
• Infrastructure	220,000
• Vehicles	<u>1,306,000</u>
	9,370,700

Carried forward capital expenditures

• Land Purchase (new Landfill Site)	4,000,000
• New skid steer	<u>80,000</u>
	4,080,000

Total Capital expenditure 13,450,700

- (v) approve that \$378,300 will be transferred from the Operating Surplus to the Site Rehabilitation Reserve.
- (vi) approve that \$1,052,343 will be transferred from the Operating Surplus to the Reserve for Capital Expenditure.
- (vii) approve that \$1,950,700 be transferred from the Reserve for Capital Expenditure to Operating Surplus to fund capital expenditures.
- (viii) approve that \$1,922,000 will be transferred from the Operating Surplus to the Carbon Price Reserve.
- (ix) approve that the funds required to acquit the MRC's carbon price liability at 30 June 2013 will be transferred from the Carbon Price Reserve to the Operating Surplus.
- (x) approve that all interest earned on cash funds associated with cash-backed reserves will not be credited to the reserve.

(Absolute Majority Required)

8 NEXT MEETING

Next meeting to be held on Thursday 4 July 2013 in the Council Chambers at Town of Cambridge commencing at 5.30pm.

9 CLOSURE
