Council P13

MINDARIE REGIONAL COUNCIL
Waste Management Authority

ATTACHMENT

- - - 2 - -

MINUTES

ORDINARY COUNCIL MEETING

THURSDAY 26 APRIL 2006

VENUE – CITY OF WANNEROO

City of Joondalup DOCUMENT REGISTRATION
Reference # : 03149
Letter # : 715712
Action Officer : CEO CC: CEO01 CWMES DCS DIS
Date Received : 09/05/2007
Action Required: NOTE
Note : ORIGINALS SENT TO CEO DIS AND CWMES

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

20 April 2007

Councillors of the Mindarie Regional Local Government are respectfully advised that an Ordinary Meeting of the Council will be held in the Council Chambers of the City of Wanneroo, 23 Dundebar Road, Wanneroo, at 4.30 pm on Thursday 26 April 2007.
The business papers pertaining to the meeting follow.

Your attendance is requested.

KEVIN POYNTON
Chief Executive Officer

MINDARIE REGIONAL COUNCIL - MEMBERSHIP

Cr T Clarey (Trevor)	City of Stirling
Cr M Anderton (Marlene)	Town of Cambridge
Cr R Butler (Rob)	City of Perth
Cr N Catania JP (Nick)	Town of Vincent
Cr S Hart (Sue)	City of Joondalup
Cr K Hollywood (Kerry)	City of Joondalup
Cr T Loftus (Terry)	City of Wanneroo
Cr E Re (Elizabeth)	City of Stirling
Cr P Rose JP (Peter)	City of Stirling
Cr B Stevenson (Bruce)	Town of Victoria Park
Cr J Stewart (John)	City of Wanneroo
Cr R M Willox AM JP (Rod)	City of Stirling

MINUTES OF THE ORDINARY COUNCIL MEETING OF THE MINDARIE REGIONAL COUNCIL HELD IN THE COUNCIL CHAMBERS OF THE CITY OF WANNEROO, 23 DUNDEBAR ROAD, WANNEROO, WESTERN AUSTRALIA ON THURSDAY 26 APRIL 2007 COMMENCING AT 4.35 PM.

PRESENT: **Chairman**

Cr T Clarey
Cr R Butler
Cr N Catania JP
Cr S Hart
Cr K Hollywood
Cr T Loftus
Cr P Rose JP
Cr J Stewart
Cr R Willox AM JP

APOLOGIES:

Cr M Anderton
Cr E Re
K Poynton (MRC Chief Executive Officer)

ABSENT:

Cr B Stevenson

IN ATTENDANCE:

Mindarie Regional Council Officers

K Dhillon — Acting CEO
L Nyssen
M Tolson
I Watkins

Member Council Officers

E Albrecht
D Blair
C Colyer
D Djulbic
G Dunne
R Elliott
J Giorgi
P Hoar
R Lotznicker
D Simms

Consultants

M Cave
C de Kerloy
J Kelly
J King

VISITORS: Nil

MEDIA: Nil

Confirmed by resolution of the Council on

.....Chairman

PUBLIC: Nil

MINUTES

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1 OATHS/AFFIRMATIONS OF ALLEGIANCE AND DECLARATIONS OF OFFICE

Nil.

2 DECLARATION OF COUNCILLOR FINANCIAL INTERESTS

Nil.

3 QUESTION TIME

Nil.

4 ATTENDANCE AND APOLOGIES

See Page 3.

5 MINUTES

5.1 ORDINARY COUNCIL MEETING – 22 FEBRUARY 2007

The Minutes of the Ordinary Council Meeting held on 22 February 2007 have been printed and circulated to members of the Council.

MOTION:(Moved:Cr Willox Seconded:Cr Butler)

RECOMMENDATION

That the Minutes of the Ordinary Council Meeting of Council held on 22 February 2007 be taken as read, confirmed and the Chairman invited to sign same as a true record of the proceedings.

(Carried: 9/0)

5.2 SPECIAL COUNCIL MEETING – 2 MARCH 2007

The Minutes of the Special Council Meeting held on 2 March 2007 have been printed and circulated to members of the Council.

MOTION:(Moved:Cr Hart Seconded:Cr Butler)

RECOMMENDATION

That the Minutes of the Special Council Meeting of Council held on 2 March 2007 be taken as read, confirmed and the Chairman invited to sign same as a true record of the proceedings.

(Carried: 9/0)

5.3 SPECIAL COUNCIL MEETING – 12 APRIL 2007

The Minutes of the Special Council Meeting held on 12 April 2007 have been printed and circulated to members of the Council.

MOTION:(Moved:Cr Rose Seconded:Cr Willox)

RECOMMENDATION

That the Minutes of the Special Council Meeting of Council held on 12 April 2007 be taken as read, confirmed and the Chairman invited to sign same as a true record of the proceedings.

(Carried: 9/0)

6 ANNOUNCEMENTS

Nil.

7 DEPUTATIONS

Nil.

8 BUSINESS FROM A PREVIOUS MEETING TREATED AS AN ORDER OF THE DAY

Nil.

9 REPORTS

9.1 TECHNICAL WORKING GROUP – 13 APRIL 2007

9.1.1 Tech Com. Item 1

SUBJECT: BUSINESS REPORT

MOTION:(Moved:Cr Willox Seconded:Cr Rose)

Nil discussion.

RECOMMENDATION

That Council receives this progress report against Annual Business Plan for information.

(Carried: 9/0)

9.1.2 Tech Com. Item 2

SUBJECT: RESOURCE RECOVERY FACILITY – PROJECT PROGRESS REPORT

MOTION:(Moved:Cr Willox Seconded:Cr Butler)

RECOMMENDATION

That Council:

Receive this Progress Report dated 13 April 2007 on a project to establish Resource Recovery Facility in the Mindarie Region

Council agreed that the report be 'noted' not 'received'. The mover and seconded agreed on this minor amendment.

AMENDED MOTION as follows put to the vote.

That Council:

Note this Progress Report dated 13 April 2007 on a project to establish Resource Recovery Facility in the Mindarie Region

(Carried: 9/0)

Chairman stated that the Confidential Item 9.1.3 and Confidential Supplementary Late Item 9.1.3A dealing with the RRF – Extension of Scheduled Conditions Precedent Satisfaction Date will both be discussed after the meeting is closed to the Public.

Closure of meeting to Public.

MOTION:(Moved:Cr Hart Seconded: Cr Butler)

That in accordance with Local Government Act 1995 Section 5.2.3(c) and (d) the meeting be closed to the public.

(Carried: 9/0)

Suspension of Standing Orders.

MOTION:(Moved:Cr Hart Seconded:Cr Hollywood)

That Standing Orders be suspended so as to allow general discussion on all matters associated with Item 9.1.3 and Supplementary Late Item 9.1.3A.

(Carried: 9/0)

9.1.3 Tech Com. Item 3 - CONFIDENTIAL

SUBJECT: LANDFILL CELL DEVELOPMENT – STAGE 2 PHASE 1 EXCAVATION : ERTECH CLAIM

MOTION:(Moved:Cr Willox Seconded:Cr Catania)

Cr Catania commented that the solicitors have given direction and supported recommendation.

RECOMMENDATION

That Council:

(i) **is prepared to settle the claims made against it by Ertech Pty Ltd in relation to the Tamala Park Landfill site, in accordance with clause 3.14 of the advice obtained from its legal counsel as contained in Attachment One to this Item**

(ii) **authorises the Chief Executive Officer of the Council to make a formal settlement offer to Ertech Pty Ltd in a manner that is consistent with advice received from its legal counsel**

(Carried: 9/0)

9.1.3A - CONFIDENTIAL SUPPLEMENTARY LATE ITEM

SUBJECT: RRF – EXTENSION OF SCHEDULED CONDITIONS PRECEDENTS SATISFACTION DATE

MOTION:(Moved:Cr Butler Seconded:Cr Willox)

RECOMMENDATION

That Council:

(i) approves an extension to the Scheduled Conditions Precedent Satisfaction Date of the RRFA from 30 April 2007 to 30 June 2007

(ii) authorises the TEC and the Project Team to evaluate any request from BioVision2020 for a change in Asset Manager, Shareholder and any changes to the RRFA and associated project agreements within that timeframe, and

(iii) requests a further report on this matter by 30 June 2007

Mr King declared an interest.

Council received a briefing from Mr King relating to WorleyParsons withdrawal from its involvement in the RRF project and negotiations with SITA to take over the WorleyParsons Shareholding and the Asset Manager.

Council raised concerns of additional costs to Mindarie Regional Council as a consequence to WorleyParsons withdrawal and for this **reason** the recommendation should be amended.

The Mover and Seconder agreed amendment to (ii) as follows:

(ii) authorises the TEC and the Project Team including legal council to evaluate at BioVision2020 cost, any request from BioVision2020 for a change in Asset Manager, Shareholder and any changes to the RRFA and associated project agreements within that timeframe, and

AMENDED MOTION as follows put to the vote

That Council:

(i) **approves an extension to the Scheduled Conditions Precedent Satisfaction Date of the RRFA from 30 April 2007 to 30 June 2007**

(ii) **authorises the TEC and the Project Team including legal council to evaluate, at BioVision2020 cost, any request from BioVision2020 for a change in Asset Manager, Shareholder and any changes to the RRFA and associated project agreements within that timeframe, and**

(iii) **requests a further report on this matter by 30 June 2007**

(Carried: 9/0)

Resumption of Standing Orders.

MOTION:(Moved:Cr Willox Seconded:Cr Rose)

That Standing Orders be resumed.

(Carried: 9/0)

Meeting open to Public.

MOTION:(Moved:Cr Rose Seconded:Cr Butler)

That the meeting now be open to the Public.

(Carried: 9/0)

Council took Resolution 9.1.3 and 9.1.3A as read.

9.1.4 Tech Com. Item 4

SUBJECT: BUSINESS PLANNING 2007/2008

MOTION:(Moved:Cr Rose Seconded:Cr Hart)

RECOMMENDATION

That Council:

(i) **note the methodology used to derive the Business Plan 2007/2008 and associated plans**

(ii) **approve Business Plan 2007/2008**

(iii) **note the content of the Strategic Budget 2007/2008**

(iv) approve projected Members' Gate Fee for 2007/2008 of $47.90 (ex GST) and $19.10 (ex GST) for Members' residue waste

(v) approve the Schedule of Fees and Charges relating to casual users, at Attachment Four

(Carried: 9/0)

9.1.5 Tech Com. Item 5

SUBJECT: FUTURE WASTE DISPOSAL/PROCESSING PLANNING; FUTURE LANDFILL SITE

MOTION:(Moved:CrRose Seconded:Cr Hollywood)

Nil discussion.

RECOMMENDATION

That Council:

(i) accepts the report on Future Waste Disposal/Processing Planning; Future Landfill Site – TWG Meeting 13 April 2007

(ii) acknowledge the future strategy of increased recycling and resource recovery

(iii) authorise the CEO to progress with:

(a) identification of suitable future landfill sites; and

(b) a review of future landfilling options

On completion of the investigations and review, a report will be presented to Council

(Carried: 9/0)

9.1.6 Tech Com. Item 6

SUBJECT: RESOURCE RECOVERY FACILIITY – JOINT VENTURE CONTRACT VARIATION

MOTION:(Moved:Cr Willox Seconded:Cr Rose)

The Council's Project Manager Mr Ian Watkins provided a briefing to the Joint Venture contract variation.

RECOMMENDATION

That Council note the plan by the Administration to pay the Joint Venture invoices against the Resource Recovery Facility project.

(Carried: 9/0)

9.1.7 Tech Com. Item 7

SUBJECT: LIMESTONE DISPOSAL – LIMESTONE CRUSHING AND BLOCKMAKING

MOTION:(Moved:Cr Rose Seconded:Cr Loftus)

Nil discussion.

RECOMMENDATION

That Council:

(i) accepts the proposed framework for the two limestone removal agreements as set out in Attachment One to this Item

(ii) authorises the public notification of the intended disposal in accordance with the requirements of S3.58 of the Local Government Act 1995

(iii) notes the intent of the Administration to call tenders for the removal of 1.4 M tonnes of limestone

(Carried: 9/0)

9.1.8 Tech Com. Item 8

SUBJECT: PROCESSIBLE WASTE DISPOSAL – CITY OF STIRLING REQUEST FOR EXEMPTION

MOTION:(Moved:Cr Loftus Seconded:Cr Rose)

The City of Stirling's Operations Manager Mr Albrecht provided a briefing regarding City of Stirling request for exemption of processible waste disposal.

Council raised concerns of additional gate fee costs to Council Members as a consequence to giving City of Stirling exemption of processible waste disposal.

RECOMMENDATION

That Council:

(i) note the request from the City of Stirling for exemption from disposal of particular waste at Mindarie Regional Council facilities

(ii) authorise the exemption with details as follows:

(a)	Tonnage:	22,000 max
(b)	Time Frame:	20 years max

(Carried: 9/0)

9.1.9 Tech Com. Item 9

SUBJECT: ADMINISTRATION BUILDING EXTENSION – ADDITIONAL INFORMATION

MOTION:(Moved:Cr Rose Seconded:Cr Hart)

RECOMMENDATION

That Council approve the extension of the Tamala Park administration building, at an indicative cost of $725,039 plus GST with expenditure in financial year 2007/2008

(Carried: 9/0)

9.2 CHIEF EXECUTIVE OFFICER

9.2.1 File No: FIN/5-02

SUBJECT: FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 JANUARY 2007 AND 28 FEBRUARY 2007

MOTION:(Moved:Cr Rose Seconded:Cr Butler)

Nil discussion.

RECOMMENDATION

That the Financial Statements as attached at Attachment One and Two for the months ended 31 January 2007 and 28 February 2007 be noted.

(Carried: 9/0)

9.2.2 File No: FIN/5-02

SUBJECT: LIST OF PAYMENTS MADE FOR THE MONTHS ENDED 31 JANUARY 2007 AND 28 FEBRUARY 2007

MOTION:(Moved:Cr Rose Seconded:Cr Willox)

Nil discussion.

RECOMMENDATION

That Council endorses the list of payments made, as per the delegation made to the Chief Executive Officer, for the months ended 31 January 2007 and 28 February 2007.

(Carried:9/0)

9.2.3 File No: COR/12

SUBJECT: LOCAL GOVERNMENT COMPLIANCE AUDIT RETURN (1 JANUARY 2006 – 31 DECEMBER 2006)

MOTION:(Moved:Cr Hollywood Seconded:Cr Hart)

Nil discussion.

RECOMMENDATION

That the Council adopt the Compliance Audit Return, as presented, for the period 1 January 2006 to 31 December 2006.

(Carried:9/0)

9.2.4 File No: LEG/2

SUBJECT: ESTABLISHMENT AGREEMENT

MOTION:(Moved:Cr Butler Seconded:Cr Willox)

Correspondence from the City of Stirling to be added as Attachment Two of this item.

RECOMMENDATION

That Council:

(i) note the correspondence from the City of Wanneroo at Attachment One to this item

(ii) approve an approach to this matter, and other matters related to the development of an Establishment Agreement as follows:

(a) continue the developmental work associated with the draft Establishment Agreement, in relation to those issues raised at the March workshop i.e. financial, project arrangements

(b) concurrently, liaise with the LGAB on an appropriate approach to investigate matters suggested by City of Wanneroo, particularly representation

(Carried:9/0)

9.2.5 File No: PER/11

SUBJECT: PERFORMANCE REVIEW – CHIEF EXECUTIVE OFFICER

MOTION:(Moved:Cr Loftus Seconded: Cr Catania)

RECOMMENDATION

That Council:

(i) note decisions of the Reviewing Committee with respect to

(a) performance of Chief Executive Officer

(b) remuneration of Chief Executive Officer

(ii) authorise the performance review process described in this report for year 2007

(iii) consider the appointment of the reviewing committee for the year 2008 in July 2007

Procedural Motion

The mover and seconder agreed to withdraw the original motion so that the Item can be referred back to the next Ordinary Council Meeting.

MOTION:(Moved:Cr Loftus Seconded: Cr Catania)

That this item be referred back to the next Ordinary Council Meeting of Council so that the Chief Executive Officer is present and able to respond to Councillors queries.

(Carried:9/0)

10 NOTICES OF MOTION FOR CONSIDERATION AT THE FOLLOWING MEETING

Nil.

11 GENERAL BUSINESS - SEE NOTE (1)

Cr Catania requested that Council Members receive report of Confidential Supplementary Item 9.1.3A Recommendation (iii) at a Special Council Meeting early July 2007.

Cr Clarey commented that the date could be earlier.

12 NEXT MEETING

12.1 Ordinary Council Meeting

- 2 July 2007
- 4.30 pm
- City of Stirling

13 CLOSURE - MEETING DECLARED CLOSED AT 6.00 PM

Notes

(1) Under this item, members have the opportunity to:

(a) make a statement providing information related to the Council's business;

(b) to ask a question relevant to the Council's business.

Under this item a member shall not raise any matter directly related to any other item on the agenda and shall not foreshadow any motion for consideration at another meeting.

MINDARIE REGIONAL COUNCIL
Waste Management Authority

MINUTES

TECHNICAL WORKING GROUP

13 APRIL 2007

8.30 AM

VENUE – TOWN OF CAMBRIDGE

MINDARIE REGIONAL COUNCIL

TECHNICAL WORKING GROUP

NOTICE OF MEETING

5 April 2007

Members are advised that a meeting of the Technical Working Group of the Mindarie Regional Council will be held in the Committee Room of the Town of Cambridge, 1 Bold Park Drive, Floreat, 13 April 2007 commencing at 8.30 am.

Items for consideration are attached.

Yours faithfully

KEVIN POYNTON
Chief Executive Officer

MEMBERS:	K Poynton	Chief Executive Officer	Mindarie
	E Albrecht	Operations Manager	Stirling
	D Blair	Director Technical Services	Wanneroo
	C Colyer	Executive Manager Technical Sves	Cambridge
	D Djulbic	Executive Director Technical Sves	Joondalup
	K Dhillon	Finance & Business Sves Manager	Mindarie
	G Dunne	Director of Service Units	Perth
	R Elliott	Manager Environmental Waste Sves	Wanneroo
	G Eves	Director Infrastructure Management	Stirling
	P Hoar	Coordinator Waste Management	Joondalup
	R Lotznicker	Executive Manager Technical Sves	Vincent
	V Nysen	Waste Sves Development Officer	Stirling
	A Sheridan	Executive Manager Technical Sves	Vic Park
	M Tolson	Operations Manager	Mindarie
	I Watkins	Projects Manager	Mindarie

MINUTES OF A MEETING OF THE TECHNICAL WORKING GROUP OF THE MINDARIE REGIONAL COUNCIL HELD IN THE COUNCIL CHAMBER OF THE TOWN OF CAMBRIDGE, 1 BOLD PARK DRIVE, FLOREAT, ON 13 APRIL 2007 AT 8.30 AM.

PRESENT:	K Poynton	Chairman	
Members Messrs	Ed Albrecht	Operations Manager	Stirling
	Dennis Blair	Director Infrastructure	Wanneroo
	Chris Colyer	Executive Manager Tech. Sves	Cambridge
	Kalwant Dhillon	Finance & Business Sves Mgr	Mindarie
	David Djulbic	Director Infrastructure	Joondalup
	Garry Dunne	Director of Service Units	Perth
	Robert Elliott	Man. Envir. Waste Sves	Wanneroo
	Geoff Eves	Director Infrastructure	Stirling
	Peter Hoar	Coordinator Waste Man	Joondalup
	Rick Lotznicker	Executive Manager Tech. Sves	Vincent
	Viet Nysen	Waste Sves Dev. Officer	Stirling
	Alex Sheridan	Executive Manager Tech Sves	Vic Park
	Mike Tolson	Operations Manager	Mindarie
	Ian Watkins	Project Manager	Mindarie

VISITORS

John King – Cardno BSD
Lisa Whitehead
Gae Synott
John Bryant

APOLOGIES

CONFIRMATION OF MINUTES

Not applicable

MINUTES

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4	BUSINESS PLANNING 2007/2008	COR/8	P 60-84
5	FUTURE WASTE DISPOSAL/PROCESSING PLANNING; FUTURE LANDFILL SITE	WST/31	P 85-88
6	RESOURCE RECOVERY FACILITY – JOINT VENTURE CONTRACT VARIATION	WST/3-03	P 89-96
7	LIMESTONE DISPOSAL – LIMESTONE CRUSHING AND BLOCKMAKING	WST/59	P 97-107
8	PROCESSIBLE WASTE DISPOSAL – CITY OF STIRLING REQUEST FOR EXEMPTION	WST/101	P108-113
9	ADMINISTRATION BUILDING EXTENSION – ADDITIONAL INFORMATION	FIN/86 COP/2-02	P 114-128

ITEM 1. **BUSINESS REPORT (APRIL 2007) – Technical Working Group 13 April 2007**

File No: **COR/8**

Attachment(s): **Nil**

Author: **Kevin Poynton**

SUMMARY

The purpose of this report is to provide Council with current information on all business activities.

BACKGROUND

The Council at its meeting held on 27 April 2006, resolved, inter alia, to approve the Annual Business Plan 2006/2007. This Business Plan has been derived from the Strategic Plan for the Mindarie Regional Council. The timeframe for that Strategic Plan was 2004/2009. This business report is now presented in a format consistent with the structure of the approved Annual Business Plan. *This report contains both historical information and current update with the current updates in* ***'bold italics'.***

DETAIL

OBJECTIVE ONE – RESOURCE MANAGEMENT

This objective contains a number of discrete strategies, and information is provided on each of these strategies.

Development and Implementation of Resource Management Programs

The progress of landfill operations is presented in quantitative format in the table below.

Information related to landfill activity to 28 February 2007:

	Tonnage			Revenue		
Members	**Actual**	**Budget**	**Percentage**	**Actual G/L**	**Budget**	**Percentage**
Cambridge	7,705	12,000	64.21%	$330,928	$527,400	62.75%
Joondalup	48,701	73,000	66.71%	$2,087,089	$3,208,350	65.05%
Perth	10,740	16,000	67.12%	$460,211	$703,200	65.45%
Stirling	53,743	80,000	67.18%	$2,305,880	$3,516,000	65.58%
COS-Bales	14,956	22,000	67.98%	$261,911	$385,000	68.03%
Victoria Park	8,723	13,000	67.10%	$373,252	$571,350	65.33%
Vincent	9,076	14,000	64.83%	$389,090	$615,300	63.24%
Wanneroo	45,627	62,000	73.59%	$1,958,582	$2,724,900	71.88%
Wanneroo MRF	3,272	5,000	65.43%	$57,248	$87,500	65.43%
Sub total Members	202,543	297,000	68.20%	$8,224,191	$12,339,000	66.65%
Casuals						
South Perth	4,782	3,000	159.41%	$225,941	$98,775	228.74%
Casual	26,352	50,517	52.16%	$1,903,913	$3,536,171	53.84%
Sub Total Casuals	31,134	53,517	58.18%	$2,129,854	$3,634,946	58.59%
Total	**233,677**	**350,517**	**66.67%**	**$10,354,045**	**$15,973,946**	**64.82%**
Other not incl above						
Recycling Centre	**167**					
Cover	**20251**					
% Year to Date	**67%**			**$219,063**	**$260,000**	**84.26%**

Current information in relation to landfill activities is as follows:

- *JJ MacDonald have completed lining of this area of landfill*

Ertech Claim against Mindarie Regional Council

Following the excavation of Stage 2 Phase 1 (Cells 2A and 2B), the contractor, Ertech, lodged a claim against the Mindarie Regional Council for delays associated with obtaining planning approval and hard rock experienced during excavation. The original claim was for $1,249,145. At the Ordinary Council Meeting on 7 July 2005, Council resolved to pay $198,238.

Ertech was dissatisfied with the payment and subsequently submitted a revised claim for the same items, however, less the $198,238 previously paid, but including interest ($134,735), legal costs ($80,000) and GST ($111,103). The revised claim value was $1,222,131.

The bulk of the original claim was rejected by the Mindarie Regional Council based on legal advice (Stavrianou QC) following a review of available documentation. On receipt of the subsequent claim, Mindarie Regional Council legal opinion was that, subject to clarifying a number if issues, there was no new information and that there was no reason to change the original legal advise on which Council based its 7 July 2005 decision.

In response to the subsequent claim submitted by Ertech, and on legal advice, Mindarie Regional Council wrote to Ertech requesting clarification of a number of statements made in the claim. In response to this request, Ertech has provided additional information in relation to the claim.

Mindarie Regional Council legal advisor (Doherty QC) is currently assessing the additional information as well as interviewing Mindarie Regional Council officers and consultants to determine whether the Ertech claim has merit and if so, what Mindarie Regional Council potential exposure would be.

A report on this matter is contained in this agenda.

Limestone Disposal Update

Limestone is currently being offered at $2.00 per tonne for crushed limestone and free of charge for bulk limestone. Disposal of some 200,000 tonnes to the development project in Burns Beach has been completed.

A separate report is contained in this agenda on the matter of limestone disposal.

Recycling

All oil based paints are now moved off site with funding provided by the Department of Environment (DOE). The current Paintback program has ceased because of the inability of Dulux to process the material. Negotiations are continuing with other potential paint processors.

A partnership-oriented contract with Amcor has been commenced, and this involves the collection and packaging at Tamala Park, of paper and cardboard, and the further processing of material by Amcor. In summary, Amcor has provided a compactor to Tamala Park, and will collect baled material. Advantages to Mindarie Regional Council

include reduced costs (elimination of transport requirements) and increased revenue (increased volume of product).

The Council continues to conduct successful asbestos 'drop off days' each month. These activities are resulting in collection of significant amounts of asbestos from householders, thereby eliminating this material from the domestic waste stream.

Master Plan for Tamala Park

The finalisation of the revised lease for Tamala Park will enable the progress of a Master Plan for the site. This activity will be initiated in early 2007.

Gas Management

The current situation with regard to activities with Landfill Gas and Power (LFG) is as follows:

- operations are producing 4.7 mega watts
- drilling of wells in Stage Two Phase Two scheduled for February 2007
- discussion with LFG on potential contract amendments have commenced

Groundwater Management

The current situation as at 1 April 2007 with regard to Groundwater Management activities is as follows:

- ***CSIRO have completed their Annual Report on Groundwater Management for Mindarie Regional Council***
- ***Groundwater Modelling including coastal zone impact, will be completed to 'draft report' status by end April 2007***
- ***Planning for potential groundwater management tasks for year 2007/2008 has commenced***

Resource Recovery Facility

Progress against a project to establish a Resource Recovery Facility is contained in a separate report within this agenda.

Regional Waste Management Plan

The development of a revised Regional Waste Management Plan has been completed.

Further work on the program of tasks as part of this Plan is scheduled for early 2007.

Community Communication Activities

The draft Annual Report has been completed.

This report will be distributed in February 2007.

OBJECTIVE TWO – RESOURCE BUSINESS CREATION

This activity includes strategies to investigate the business opportunities associated with new products, expanded resource recovery capabilities and landfill beyond Tamala. No work has been conducted on this objective during the reporting period.

A report on 'future disposal option' is contained in this agenda.

OBJECTIVE THREE – INDUSTRY LEADERSHIP

Strategies related to this objective include the following:

- Participation in defined external industry related forms
- Research of contemporary practice for future waste and resource industry development
- Develop integrated initiatives to capitalise on these future options
- Strengthen partnerships with government industry and academic institutions

Work undertaken during the reporting period against this objective has been as follows:

- Continued participation by Councillor Re and Chief Executive Officer in MWAC
- Continued participation by Chief Executive Officer in the Waste Management Association of Australia, and this has included a workshop on draft State Government guidelines for landfill management

Key points from the MWAC meeting in February 2007

- ***MWAC submission on various WMB papers were completed***
- ***MWAC Work Plan and Budget approved***
- ***Key areas for development of MWAC policy in 2007 as follows:***
  - ***Zero Waste Plan***
  - ***Waste Education***
  - ***Household Organics***

The Forum of Regional Councils (FORC) continues to gain momentum, with meetings of the CEO group and Chairs of each Regional Council held during the first quarter of 2007.

OBJECTIVE FOUR – ORGANISATIONAL MANAGEMENT

Strategies associated with this objective are as follows:

- Finalise Establishment Agreement
- Maintain and improve existing contemporary Business Systems
- Strengthen Member Council partnerships and relations
- Review and, where appropriate, revise funding strategies for the business
- Develop the Information Management Systems for the business eg. Records, website

Establishment Agreement

The matter of further changes to the current draft Establishment Agreement was considered at a Financial Workshop in March 2007. A further discussion paper on:

- ***Governance issues***
- ***Financial issues***
- ***Project issues***

will be presented to a further workshop in May 2007.

Business Systems

The following work to improve the following Business Systems associated with the Councils activities has occurred during the reporting period:

- Financial Management
  - conduct a further workshop to consider the appropriate funding model for the business (October 2006)
  - utilisation of Improved Financial System (Navision) for budget preparation
  - ***next workshop planned for May 2007***
- Records Management
  - continued usage and improvement of Electronic Records Management System
- Policy Development
  - further work on some selected Council policies has been conducted

CONSULTATION

Not applicable

STATUTORY ENVIRONMENT

Not applicable

POLICY IMPLICATIONS

Not applicable

STRATEGIC IMPLICATIONS

This progress report reflects progress against approved activities associated with the Council's annual Business Plan.

FINANCIAL IMPLICATIONS

These activities are conducted within the context of the approved Council budget for any particular financial year.

COMMENT

Council business is currently being conducted within the framework of the Annual Business Plan.

TECHNICAL WORKING GROUP – 13 APRIL 2007

Nil Discussion.

RECOMMENDATION

That Council receives this progress report against Annual Business Plan for information

ITEM 2.	RESOURCE RECOVERY FACILITY – PROJECT PROGRESS REPORT – Technical Working Group 13 April 2007
File No:	WST/13-02
Attachment(s):	1. Updated Project Plan 2. Project Development Cost Summary
Author:	Ian Watkins

SUMMARY

The purpose of this report is to provide Council with current information on progress with respect to the project to establish a Resource Recovery Facility (RRF) within the region. New information since the last report is represented in '***bold italics***'.

BACKGROUND

The Mindarie Regional Council has previously identified a need to develop business programmes other than landfill in order to minimise waste to landfill. The Council's Strategic Plan, at Objective One, describes this approach as follows:

To operate resource management programmes, both existing and "in planning", in accordance with best appropriate practice.

The Council has made a considerable number of decisions in regard to the Resource Recovery Facility project, and these have been documented in previous reports. More recent decisions have been as follows:

- the decision to contract with BioVision2020 for a Resource Recovery Facility (3 August 2006)
- approved the new BioVision2020 Corporate structure and associated Resource Recovery Facility Agreement changes
- accepted the revised version of the Resource Recovery Facility Agreement in accordance with the Deed of Amendment
- entered into the Deed of Amendment and Restatement with BioVision2020 to amend and restate the Resource Recovery Facility Agreement as entered into on 11 August 2006
- approved an increase in the capital cost of the Resource Recovery Facility to reflect increases in insurance costs
- accepted the revised version of the Participants Guarantee
- requested the Member Councils to provide guarantees for the Mindarie Regional Council's financial obligations under the Resource Recovery Facility Agreement
- to sell the Bush Forever portion at Lot 505 Neerabup to the West Australian Planning Commission
- to extend the Conditions Precedents Satisfaction date from 16 December 2006 to 16 February 2007
- ***to extend the Conditions Precedents Satisfaction date from 16 February 2007 to 30 April 2007***

DETAIL

Project Programme

The proposed project programme noting in particular the Actual/Revised Enclosed Dates is as follows:

Table 1 – Key milestones for the SWTF project for the Mindarie Regional Council

	Task	Estimated	Actual/ Revised	
			Start	End
1	Community Consultation	February 03	July 02	February 03
2	Site Selection	February 03		February 03
3	Environmental Approvals	September 03	August 02	August 04
4	Prepare tender documents	November 03	October 03	October 05
5	Contractors prepare tenders	January 04	October 05	February 06
6	Evaluate tenders	February 04	February 06	June 06
7	Negotiate with successful tenderer	March 04	June 06	December 06
8	Complete land transaction	April 04	March 04	August 05
9	Development Application/ Works Approval	April 04	August 06	December 06
10	Design and Construction of Facility	June 05	January 07	September 08
11	Facility Commissioned	September 05	August 08	October 08

Progress Report

Key activities recently completed have been as follows:

- continued development of the Community Engagement Strategy
- finalisation of contract details
- all Member Councils resolving to sign the Participant Guarantees
- extension of the Conditions Precedents Satisfaction date to 16 February 2007
- extension of the Conditions Precedents Satisfaction date to 30 April 2007
- ***reviewing BioVision2020 contractual documents***
- ***assessment BioVision2020 fee variation request***
- ***assessing BioVision2020 change in shareholding request***
- ***progressing the sale of Bush Forever land***
- ***Developing the water supply on Lot 505 Neerabup***
- ***completed the transfer of environmental responsibility to BioVision2020***

Contract Finalisation Process

Following the Council decision to award the contract to BioVision2020 (WorleyParsons) on 9 August 2006 and the subsequent signing of the contract on 11 August 2006, the project development has moved into the contract negotiation and contract finalisation process.

The following activities have been undertaken since 11 August 2006.

- The contractor's financiers have had an opportunity to review the contract documentation and have provided comment and raised a list of concerns. The financiers concerns were far more than anticipated
- Legal documentation finalised based on agreed contractual positions
- Documentation finalised for the Participants Guarantees
- Further amendments to the Resource Recovery Facility Agreement received from the Contractor (Financier)
- Progressing Bush Forever land transfer and transfer of environmental licence to BioVision2020
- ***Progress participant guarantee***
- ***Most contract documents have been received and reviewed by the Project Team. There are still a few contract documents that are outstanding***
- ***A detailed assessment of the BioVision2020 fee variation has been undertaken***

Community Engagement

The Council's plan for community education and engagement has been developed by the Secondary Waste Treatment Facility Working Group. The strategies associated with this plan have been translated into Action Plans by a working group comprising members of the Council administration, and external consultants, including representatives from BSD/Meinhardt Joint Venture.

Key activities conducted recently were as follows:

- The Community Engagement Advisory Group (CEAG) has been continually informed of the Resource Recovery Facility development process including the award and signing of the contract
- The community education strategy has been developed in conjunction with the Regional Waste Management Plan
- Broader community engagement relating to the status of the Resource Recovery Facility development has been commenced
- BioVision2020 presentation to CEAG on the details of the proposed development
- Mindarie Regional Council assisted BioVision2020 with community briefing sessions in relation to the Development Application submitted to the City of Wanneroo (23, 25 & 28/10/2006)
- Community comment period on Development Application (ended 10/11/2006), only one related comment received

- Continuous monitoring of SMRC odour related negative publicity in the press and responding to Mindarie Regional Council relevant queries as appropriate

Secondary Waste Treatment Facility Working Group Meetings

The Secondary Waste Treatment Facility Working Group met ***on 15 February 2007***.

Meeting notes for the meeting have been distributed to all Mindarie Regional Council Councillors, Chief Executive Officers of member Councils and key staff via email.

Water Lease

In accordance with Section 18 of the Water Services Licensing Act 1995, the Mindarie Regional Council is required to obtain a Water Supply Licence in order to sell water to BioVision2020. However, the Office of the Economic Regulator has recommended, and the Minister has agreed, that, due to the relatively small quantity of water being supplied, an exemption be requested from the Governor, through the Department of Water.

Land Issues

The City of Wanneroo and Landcorp are actively progressing with the development of the Neerabup Industrial Estate. The Mindarie Regional Council and Cardno BSD Town Planners have been involved in meetings and discussions with various parties over the proposed Structure Plan. The proposed site levels in the revised Structure Plan have been reviewed and are deemed acceptable. The main outstanding issue to be resolved is the removal of the planned North/South road access across Lot 505.

Matters relating to satisfying Commitment 6 of Ministerial Statement 662 in relation to the preservation of the Bush Forever have been finalised by the project team. The Department of Environment and Conservation has recently accepted that Commitment 6 has been complied with.

Mindarie Regional Council and WAPC have finalised the details of the Bush Forever sale agreement and the sale should be completed shortly.

Site Development

Development Application

The Resource Recovery Facility Development Application was submitted to the City of Wanneroo by BioVision2020 on 8 September 2006 and was approved by the City of Wanneroo at their December Ordinary Council Meeting. The approval contained a number of conditions relating to site ownership over which BioVision2020 (the proponent in the Development Approval) has no control. Mindarie Regional Council is in the process of complying with the conditions in order for BioVision2020 to progress to Building Licence stage.

At the Special Council Meeting held on 2 March 2007, Council resolved:

"That the Mindarie Regional Council commits to satisfying the requirements of Conditions (a) to Conditions (c) as approved by the City of Wanneroo on the 12 December 2006 in relation to the development of a Resource Recovery Facility on Lot 505 Pederick Road, Neerabup according to the final outcome of the Neerabup Infrastructure Scheme and proposed amendments to the Neerabup Industrial Area Structure Plan.

This commitment is to be conveyed to the City of Wanneroo in a letter of undertaking to satisfy Conditions (a) to (c)."

Water Supply

In accordance with the Resource Recovery Facility Agreement, Mindarie Regional Council is to provide the water supply to the Resource Recovery Facility. This is to be achieved via onsite groundwater bores. URS has undertaken the necessary design of the water supply infrastructure.

The installation of one water supply bore was completed in March. The pumping equipment and related infrastructure will only be installed once Financial Close has been achieved and a date finalised when BioVision2020 will be moving on site.

Site Levels

BioVision2020 has requested to undertake general earthworks across site to alleviate the need for them to install retaining structures along the southern lease boundary. This request has been agreed to, and discussions are progressing to finalise the site design levels. It is not anticipated that there will be any cost to the Mindarie Regional Council associated with the general earthworks.

Site Set out

Mindarie Regional Council has had the Lease Area, the Licence Areas (groundwater bore positions) and the extent of the Bush Forever area pegged onsite.

Future Activities Planned

Future activities associated with this project are as follows:

- continuation of community engagement via the Community Engagement Advisory Group
- achievement of the Conditions Precedent date 30 April 2007
- obtain exemption for the need to have a Water Supply Licence
- review the possibility of a water lease with Trandos Farms
- installation of Water Supply infrastructure
- finalisation of site levels

Project Plan

A revised Project Plan has been developed for the next phase of the Resource Recovery Facility development process to cover the period from signing of the contract through to the completion of commissioning. The Plan also identifies who will be involved in the various activities associated with each item.

The Updated Project Plan is at Attachment One to this Item.

The Updated Project Plan includes the following items:-

- Conditions Precedent moved to 30 April 2007
- Construction – 15 May 2007 to 31 October 2008
- Commissioning – 1 August 2008 to 31 October 2008
- Practical Completion – 31 October 2008

CONSULTATION

Consultation has occurred with the following groups:

- BSD/Meinhardt Joint Venture
- Freehills
- Woodhouse Legal
- AON Insurance Brokers
- National Australia Bank

STATUTORY ENVIRONMENT

- Local Government Act S.3.58 and S3.59
- Local Government (Functions and General) Regulations 7-10
- Water Services Licensing Act 1995

POLICY IMPLICATIONS

Not applicable

STRATEGIC IMPLICATIONS

This project is consistent with Objective One of the Council's Strategic Plan 2004-2009

FINANCIAL IMPLICATIONS

A comprehensive Project Development Cost Summary has been developed and is at Attachment Two to this Item.

This latest summary reflects that work conducted by the administration, in conjunction with appointed consultants, in order to comply with a Mindarie Regional Council resolution of December 2006 regarding project expenditure, and associated approvals.

This work has been as follows:

- quantification of payments post ***22 January 2007*** and up to ***5 April 2007***
- quantification of Work in Progress i.e. work completed but yet to be invoiced
- review of funds required for further work ***5 April 2007*** – end June 2007

Loan Status

Loan 10 was originally set up to cover all of the development costs relating to the RRF facility. Due to significantly increased consultant costs (mainly legal), this original loan amount of $2,000,000 has been insufficient. Consequently, Loan 10 has been increased by an additional $2,600,000. As can be seen in the Table at Attachment Two to this Item, based on current estimates, there will be insufficient funds to cover the anticipated expenditure. In mid-2007, an assessment of future development costs will be carried out to determine more accurately by how much Loan 10 needs to be increased by to cover all project development costs.

The utilisation of loan funds eliminates any potential cash flow problems to the business.

TECHNICAL WORKING GROUP – 13 APRIL 2007

Nil Discussion.

RECOMMENDATION

That Council:

(i) **receive this Progress Report dated 13 April 2007 on a project to establish a Resource Recovery Facility in the Mindarie region**

ATTACHMENT ONE

TO ITEM 2

TECHNICAL WORKING GROUP MEETING

13 APRIL 2007

UPDATED PROJECT PLAN

UPDATED PROJECT PLAN (as at 5 April 2007) – Contract Signing to Commissioning

The project plan is a summary of the required activities to be carried out by the project team from the date of signing of the contract (11 August 2006) to the end of commissioning of the Resource Recovery Facility (31 August 2008).

Project management and general coordination of the RRF development process beyond the contract signing date will be carried out by the JV. Initially this will be carried out by John King (Cardno BSD); however, once construction commences Vic Nightingale (Meinhardt) will take the lead project management role.

The following is a breakdown of the various milestones to be achieved and the associated tasks. Note that the Action is allocated to a person associated with the MRC team. However, the majority of the tasks will require the Contractor to also undertake certain tasks before the MRC team can complete the required Action (for example, providing the relevant plan for review).

Contract Signing – 11 August 2006

Conditions Precedent - 11 August 2006 to 16 February 2007

Review and acceptance of Project Agreements: -	Action By
• The D&C Contract;	Freehills, JV
• The Asset Management Contract;	Freehills, JV
• The Marketing Contract;	MRC
• The Shareholders' Agreement;	Freehills
• The Lease;	Freehills
• The Tripartite Agreement;	Completed
• The Financing Documents;	Freehills, PKF
• Any agreements for the sale of Products;	Freehills, MRC
• The Technology and Design Agreement;	Freehills, JV
• The Composter Design Agreement;	Freehills, JV
• The Composter Fabrication and Installation Contract;	Freehills, JV
• The Owner's Engineer Agreement;	Freehills, JV
• The Asset Management Parent Company Guarantee; and	Freehills
• Any other agreements designed to the Project Agreements.	MRC

Receipt of: -	Action By
• Constitution, Memorandum and Articles of Association of the Contractor; and	Freehills
• Certificate of incorporation of the Contractor.	Freehills

Review and acceptance of: -	Action By
• Certificate from the financing parties;	Freehills, PKF
• Certificate from Company Secretary and copies of letters of credit from the Shareholders to the Contractor;	Freehills, PKF
• Finalisation of insurance arrangements;	Freehills, AON
• Business Plan and Marketing Strategy;	Freehills, JV, MRC
• Reporting and Communications Plan;	Freehills, JV, MRC
• Project Implementation Schedule;	Completed
• Development Security;	Freehills
• Development Approval;	JV
• Monitoring and Testing Plan;	JV, MRC
• Risk and Contingency Plan;	JV, MRC
• Occupational Health and Safety Plan;	JV, MRC
• Decommissioning Plan;	JV, MRC
• Site Induction Plan for Construction;	JV, MRC
• Construction Environmental Management Plan;	JV, MRC
• Peer Review of the Odour Control System;	JV, MRC
• Construction and Verification Plan;	JV, MRC
• Site Plan;	JV, MRC
• Detailed design of the RRF.	JV

Receipt of: -	Action By
• Australian Taxation Office ruling (51AD & 16D; and	Completed
• Confirmation that the Minister for the Environment has revoked the nomination of MRC and nominating the Contractor as proponent for the proposal.	Completed
• Confirmation that the shareholding of the Contractor has been amended to proportions of 70%:15%:15%	Freehills, JV
• Confirmation that the Contractor has given the D&C Contractor unconditional notice to proceed	JV

Finalization of: -	Action By
• Financial Model.	PKF, MRC
• Gate Fee Calculation Model	PKF, MRC
• the Certifier Agreement for Practical Completion and appointment of an independent certifier	Freehills, JV

MRC must obtain: -	Action By
• Water Licences	MRC,
• MRC Guarantee	JV, W/house, MRC
• Satisfied condition 5 (Prepared and implemented a Regional Waste management Plan) and conditions 6 (Bush Forever site) contained in the Minister's Statement.	Completed

Beyond Conditions Precedent Date (16 February 2007)

Review of Contractor's Authorizations (other than the Development Approval) necessary to perform the Contractor's Obligations under the Contract: -

	Action By
• Undertaking the Project;	JV
• Owning and operating the RRF;	JV
• Disposing of Residue;	JV
• Works Approval; and	JV
• Building licence.	JV

Construction – 15 March 2007 to 31 August 2008

Contract management	JV

Commissioning – 1 June 2008 to 31 August 2008

Commissioning management	JV
Review of (in compliance with Schedule 2):-	
• Commissioning Plan	JV
• Environmental Management System	JV
• Certified copy of Operating Licence	JV
• Commissioning Report	JV
• Operations and Maintenance Manual	JV, MRC
• Air Emissions Characterisation Study	JV
• Odour Management Plan	JV
Review and approval of:-	
• Site Induction Plan for Operations	JV
• Innovation and Continuous Improvement Plan	JV
• Certificates of insurance for the operating phase	Freehills, AON

Practical Completion – 31 August 2008

Beyond practical completion support services will be determined as necessary.

ATTACHMENT TWO

TO ITEM 2

TECHNICAL WORKING GROUP MEETING

13 APRIL 2007

PROJECT DEVELOPMENT COST SUMMARY

Project Development Costs Summary

Item	2000 - 2004 (Pre-2004/5)	2004/2005	2005/2006	2006/2007								2007/2008	Total Estimated Costs
				Approved Budget	Revised Estimate (OCM 26/10/6)	Spent to 5/4/7 (a)	#Work in Progress (b)	Sub-Total (a) + (b)	Proposed Future Expenditure 5/4/7 - 30/6/7	Revised Estimate (SCM 8/2/7)			
Community Consultation (Bryant Media, CEAG)	$ 37,817	$ 65,796	$ 39,024	$ 20,000	$ 20,000	$ 42,278	$ 5,000	$ 47,278	$ 10,000	$ 57,278		$ 30,000	$ 229,914
Project/Construction Management (JV)	$ 562,183	$ 188,523	$ 132,178	$ 275,000	$ 360,000	$ 182,525	$ 298,359	$ 480,884	$ 70,000	$ 550,884		$ 200,000	$ 1,633,768
Legal (Freehills, Woodhouse Legal)	$ -	$ 366,124	$ 1,019,638	$ 320,000	$ 700,000	$ 1,055,739	$ 10,000	$ 1,065,739	$ 103,000	$ 1,168,739		$ 50,000	$ 2,604,501
Financial (PKF, Deloitte)	$ -	$ 5,620	$ 113,798	$ 35,000	$ 35,000	$ 27,964		$ 27,964	$ 10,000	$ 37,964		$ 5,000	$ 162,381
Probity (Braxdergs)	$ -	$ 3,840	$ 37,958	$ 10,000	$ 5,000	$ 3,848	$ -	$ 3,848	$ -	$ 3,848		$ -	$ 45,645
MRC Project Management	$ 10,000	$ 20,411	$ 54,923	$ 30,000	$ 30,000	$ 35,948	$ 3,500	$ 39,448	$ 15,000	$ 54,448		$ 50,000	$ 189,781
Insurance Advisors (AON)	$ -	$ -	$ 4,750	$ 15,000	$ 30,000	$ 36,241	$ 10,000	$ 46,241	$ 10,000	$ 56,241		$ 10,000	$ 70,991
Site Infrastructure	$ -	$ -	$ 1,800	$ 200,000	$ 200,000	$ 11,470	$ 40,000	$ 51,470	$ 48,530	$ 100,000		$ 730,000	$ 831,800
Over Seas Inspection Tour	$ -	$ -	$ 215,506	$ -	$ -	$ 20	$ -	$ 20	$ -	$ 20		$ -	$ 215,526
Other	$ 50,000	$ -	$ 9,570	$ -	$ -	$ 2,538	$ -	$ 2,538	$ 10,000	$ 12,538		$ -	$ 72,108
Total Costs Incurred	$ 660,000*	$ 650,313	$ 1,629,143	$ 905,000	$ 1,380,000	$ 1,398,568	$ 366,859	$ 1,765,427	$ 276,530	$ 2,041,957		$ 1,075,000	$ 6,056,414
Total Costs Incurred to 5/4/7						$ 4,338,024							
Loan 10 Status (original value $2,000,000)	Not Applicable**	$ 1,349,687											
Loan 10 Increased by $2,600,000			$ 2,329,544										
Loan 10 to be Increased Further											$ 278,586		
												$ 796,414	
Land Purchase (Asset)			$ 3,500,000										

* Pre-2004/5 breakdown estimated based on available information

** Pre-2004/5 costs expensed through Tamala Park operations

\# Work in Progress is work that has been carried out, but no invoice has been received or is in the process of being paid

CONFIDENTIAL

ITEM 9.1.3

PROVIDED UNDER

SEPARATE COVER

CONFIDENTIAL

ITEM 9.1.3A

PROVIDED UNDER

SEPARATE COVER

ITEM 4. **BUSINESS PLANNING 2007/2008 – Technical Working Group Meeting 13 April 2007**

File No: COR/8

Attachment(s):
1. Annual Business Plan 2006/2007
2. Draft Annual Business Plan 2007/2008
3. Draft Operating Strategic Budget
4. Schedule of Proposed Fees and Charges 2007/2008

Author: Kalwant Dhillon

SUMMARY

The purpose of this item is to outline the business planning process for Financial Year 2006/2007.

BACKGROUND

The three year revised Strategic Plan commencing 2006/2007 was approved by the Council at the February 2006 Ordinary Council Meeting and the administration has conducted work to develop a draft Business Plan for 2007/2008, an initial draft strategic budget for 2007/2008 and the projected member fees for 2007/2008. Council consideration of this work is now appropriate.

DETAIL

Methodology

The methodology and assumptions used to develop Business Plan 2007/2008 has been as follows:

- The three year revised Strategic Plan commencing 2006/2007 remains the Council's primary source of reference with regards to business activities
- Assessment of the progress against Business Plan 2006/2007 in activities, and noting any particular the trends and changes in activities
- Preparation of a summary of the Council's strengths and weaknesses (internal characteristics), together with external threats and opportunities for the business, with due respect to this business planning approach
- Construction of draft Business Plan 2007/2008 on the basis of the following:
  - The revised Strategic Plan 2006/2009
  - Progress against Business Plan 2006/2007
  - Assessment of the impact of strengths and weaknesses and threats and opportunities on the Council's business

Business Plan 2007/2008 – An Assessment of Progress

An assessment of progress against Business Plan 2006/2007 is provided at Attachment One to this Item. Key points to note are as follows:

- That landfill operations are currently more streamlined given the need to operate in only the Stage 2 East and West area compared to Stages 1 and Stage 2 in previous years

- Tamala Park Lease Agreement has been signed by all Member Councils and approved by the WA Planning Commission
- The Resource Recovery Facility contract has been signed subject to financial close and first tier conditions precedent being complied. Currently the assessment of a gate fee variation is in progress with the view to presenting to a Special Council meeting in mid April 2007

Strengths and Weaknesses

Strengths and weaknesses are defined as those internal characteristics of the organisation.

This assessment of strengths and weaknesses for the business is as follows:

- Strengths
  - Leadership at all levels
  - Customer and market focus
  - Strategy and planning
  - Operational staff
  - IT systems, including information management
  - Facilities
  - Relationship with member Councils
  - Achievement and reporting of outcomes
  - System for continuous improvement
- Weaknesses
  - Limitations with existing Constitution/Lease/Master Plan
  - Limited scope of existing Education Plan

Threats and Opportunities

Threats and Opportunities are defined as those external factors which are likely to impact upon the business in the forthcoming year. This assessment has resulted to key conclusions as follows:

- The release of the Statement of Strategic Direction for Waste Management in Western Australia in September 2004 provides all stakeholders with some focus areas for future activity
- The frequent changes in the Minister for the Environment, are likely to have an effect on the waste and resource industry. Although the initiatives commenced by the Labour Government are likely to continue in broad terms, changes may possibly be initiated by the newly appointed Minister for Environment.

Key areas for focus described in this plan are as follows:

- Organic (processor, disposer)
- Chemical (processor, disposer)
- Packaging (collector, disposer)

- Building products (disposer)
- Electrical (disposer)

Opportunities for Mindarie Regional Council that emerge from this plan are as follows:

- Further exploration of landfill gas processing
- Continuation of the expansion to the Council's household chemical waste facility and recycling centre
- Progress of the Council's utilisation of Tamala Park limestone
- Progress of the Council plan to manage recycled electrical goods in a more appropriate fashion
- Finalisation of the Resource Recovery Facility contract

Business Plan 2007/2008

The preparation of draft Business Plan 2007/2008 has occurred with due respect to the following:

- The revised Strategic Plan 2006/2009
- Progress against Business Plan 2006/2007
- Summary of strengths and weaknesses, together with threats and opportunities, particularly the Statement of Strategic Direction, for the business

The draft Business Plan 2007/2008 aims to maintain existing operations and expand future capabilities, in concert with the Statement of Strategic Direction for Waste Management.

Strategic Budget 2007/2008

The draft Strategic Budget 2007/2008 is initiated in conjunction with the development of the draft Business Plan 2007/2008. The development of a strategic budget has occurred in response to the need for provision on an appropriate basis for the formulation of member fees for 2007/2008. The methodology utilised in the development of this strategic budget has been as follows:

- Assumption that activity levels would remain at 2007/2008 levels unless where identified, and estimates have been adjusted in line with the CPI index
- The identification of significant items within the context of the budget, and the revision of estimates for 2007/2008 against these items as applicable
- The identification of additional items/initiatives and compilation of 'best' estimates for these items

The draft Operating Strategic Budget is at Attachment Three to this Item and key points to note are as follows:

<u>Operating Income:</u>

- City of South Perth (COSP) contract expired in December 2006 and estimated tonnages are included in under Casuals as the general casual entry rate will be charged
- Includes income from landfill gas royalties at a lower level

- Other anticipated tonnages are detailed in this attachment

- Operating Expenditure:
  - The new lease agreement was signed by Member Councils and approved by the WA Planning Commission in 2006. In line with this agreement the increased amount of $510,294 has been budgeted for lease cost for 2007/2008. This would translate into additional income to owner members and would partially offset the increase in the cost of tipping
  - Increase in the estimate for future site rehabilitation and monitoring cost to ensure adequacy of reserves for post closure period of landfill
  - Increase in amortisation cost relating to the landfill due to the higher cost of excavation
  - Increase in interest cost with the draw-down of the $15 million loan facility to cover the excavation and lining cost of Stage 2 East and West Phases
  - Cost of upgrading of the Navision financials & Payroll and Wasteman systems

Major capital expenditures for 2007/2008 included in these estimates are as follows:

Asset acquisition and replacement includes:

Description of Asset	Net Cost $
Generator Upgrade	100,000
Line Marking Machine	15,000
Increase in Transfer Station Capacity	737,000
Crane Attachment	100,000
Revegetation	120,000
Litter Control Fence	75,000
Replacement of Grader	12,000
Weed Spraying Equipment	55,000
Washdown Area Upgrade	50,000
Increase in Water Tank Capacity	7,000
Quad Bike and Trailer	20,000
Replacement of Hook Lift Bins	10,000
Office Computing Equipment	90,000
Office Furniture, fittings (including requirement for extension building)	80,000
Bobcat Replacement	50,000
Security Upgrade	12,000
Replacement of Ford Fairmont (net)	22,000
Replacement of Toyota Camry (net)	21,000
Extension of Administration Building (Revised Estimates) *	680,000
Electrical Upgrade – Recycling	20,000
Total	**2,276,000**

* $45,000 relating to furniture and fittings is included under office furniture and fittings.

The existing Transfer Station is exceeding capacity on the weekends and congestion during the peak periods is causing delay. The purpose of the upgrade of the Transfer Station is to increase the capacity and meet the increasing demand.

The extension of the administration building is to meet the growing demand for space to support the expanding operation. The Business Case has been prepared and is presented under Item 9 for Council consideration at the April 2007 meeting. $348,000 was budgeted in 2006/2007 and is being carried forward to 2007/2008 and included in the $680,000.

Member Fees – 2007/2008

The exercise to provide member councils with an estimate of Member Gate Fees for the coming financial year has been previously conducted in response to a request from Member Councils. This request has been based on a need for Member Councils to have some information upon which individual budgets can be developed. This exercise has previously been conducted with due recognition to the fact that the cost of Gate Fees for Members may well require adjustment during the course of any financial year due to circumstances of an external nature or beyond Mindarie Regional Council's control. The exercise has been enhanced with the development of a comprehensive financial management model, developed by Deloittes in conjunction with MRC Management and in consultation with Member Council's Officers through the Financial Management Workshops. The methodology thus far has been to apply Strategic Budget items to the model, and to derive an estimate of Member Fees. The outcomes from this work are as follows:

- The cost of tipping has increased marginally to cover in the main escalation of costs
- Increased amortisation, rehabilitation and monitoring costs
- Increased in interest cost due to the higher level of debt to finance the operational/capital demands on the organisation

The comparative analysis of Member Gate Fees (estimated) for 2007/2008 to the previous year is described in the table below:

	Budget Estimate 2006/2007 $/tonne Ex GST	Estimate Actual 2006/2007 $/tonne Ex GST	Estimate 2007/2008 $/tonne Ex GST
Operating Costs	27.90	-	29.67
Amortisation/Depreciation	13.40	-	15.12
Interest	2.65	-	3.11
Annual Cost of tipping general waste	**43.95**	**43.95**	**47.90**
Annual Cost of tipping residue	**17.50**	**17.50**	**19.10**

Key points to note in the comparisons table above are as follows:

- Increased amortisation costs due to higher excavation costs
- Higher site rehabilitation and monitoring costs

- Higher DEP levy cost from $3/tonne to $6/tonne effective 1 October 2006 reflected in the operating cost
- Higher interest expense due to increased debt level to fund the operations

CONSULTATION

Consultation concerning this work has been conducted with the Council's Financial Advisor, Deloitte, and officers from Member Councils.

STATUTORY ENVIRONMENT

The development of an Annual Business Plan, derived from a Strategic Plan, and the process of establishment of Member Gate Fees for 2007/2008 is consistent with all statutory requirements.

POLICY IMPLICATIONS

Not applicable.

FINANCIAL IMPLICATIONS

The provision of an estimated Member Gate Fee for 2007/2008 now allows Member Councils to progress with the development of their individual budgets.

STRATEGIC IMPLICATIONS

The development of a Business Plan and Strategic Budget is consistent with the principles of Strategic Business Planning.

COMMENT

The administration has conducted the following exercises for consideration by the Council:

- Preparation of draft Business Plan 2007/2008
- Preparation of Strategic Budget 2007/2008
- Calculation of estimated Member Gate Fees 2007/2008

The marginal increase in Member Gate Fees is to cover, in the main, the escalation of cost and the full year impact of the increase in DEP Levy which was implemented in October 2006. The calculation of Members' Gate Fees has been consistent with the existing financial precepts; i.e. that Members will pay only the cost of tipping.

TECHNICAL WORKING GROUP – 13 APRIL 2007

The Group noted the plan to include a revised schedule of fees and changes with this Item.

Comments in respect of the 'Increase in Transfer Station Capacity' has been incorporated as a footnote on page 61.

RECOMMENDATION

That Council:

(i) note the methodology used to derive the Business Plan 2007/2008 and associated plans

(ii) approve Business Plan 2007/2008

(iii) note the content of the Strategic Budget 2007/2008

(iv) approve projected Members' Gate Fee for 2007/2008 of $47.90 (ex GST) and $19.10 (ex GST) for Members' residue waste

(v) approve the Schedule of Fees and Charges relating to casual users, at Attachment Four

ATTACHMENT ONE

TO ITEM 4

TECHNICAL WORKING GROUP MEETING

13 APRIL 2007

BUSINESS PLANNING 2006 - 2007

MINDARIE REGIONAL COUNCIL

ANNUAL BUSINESS PLAN 2006/2007

Proposed Action	Comments
Objective One: Resource Management	
• Develop and implement resource management programs, particularly for landfill, recycling and reuse in accordance with State Government requirements. Eg. Site licence	
• Develop revised Master Plan for Tamala Park	• This will be initiated in 2006/2007

MINDARIE REGIONAL COUNCIL

ANNUAL BUSINESS PLAN 2006/2007

Proposed Action	Comments
• Executive bush management activities as follows:	
- Implement limited bush management on completed landfill area, and other areas	• On-going
- Finalise Bush Management Plan	• This will be progressed in 2007 on completion of Master Plan
• Implement gas management plan, including collection of revenue	
• Execute groundwater management activities as follows:	
- Maintain existing groundwater monitoring via CSIRO	• In progress – CSIRO in the process of completing the Annual Report
- Implement plan for groundwater monitoring West of Marmion Avenue	
- Implement plan for modelling of potential groundwater impact on coastal environment	

MINDARIE REGIONAL COUNCIL

ANNUAL BUSINESS PLAN 2006/2007

Proposed Action	Comments
• Progress Resource Recovery Facility by actions as follows: - Complete tender activity and appoint contractor - Develop Mindarie Regional Council community liaison programme for Resource Recovery Facility	• Contractor appointed and contract signed pending financial close • Developed and strategies being translated into action plans
• Develop revised Regional Concept for Waste Management including community engagement and education, in accordance with best practice	• Completed and further work on program of tasks scheduled for 2007
• Plan and implement Community Communication Plan 2006/2007 including newsletters, publicity, Annual Report and Corporate Function and educational activities	• On-going
• Progress the alignment of waste management services within the region, particularly in regard to collection and disposal of hazardous waste	

MINDARIE REGIONAL COUNCIL

ANNUAL BUSINESS PLAN 2006/2007

Proposed Action	Comments
Objective Two: Resource Business Creation	
• Investigate business opportunities associated with: - Expanded resource recovery capabilities, including Resource Recovery Park	
• Landfill "beyond Tamala"	• A report being prepared highlighting the options post 'Tamala Park' and recommendations

MINDARIE REGIONAL COUNCIL

ANNUAL BUSINESS PLAN 2006/2007

Proposed Action	Comments
Objective Three: Industry Leadership	
• Participate in defined external industry-related forums eg. MWAC, WMAA, WALGA	• On-going
• Research contemporary practice for future waste and resource industry development, service delivery and waste education	
• Develop integrated initiatives to capitalise on these future options	
• Strengthen partnerships with Government, industry and academic institutions in order to promote improvement in waste management sector	• On-going

MINDARIE REGIONAL COUNCIL

ANNUAL BUSINESS PLAN 2006/2007

Proposed Action	Comments
Objective Four: Organisational Management	
• Finalise Establishment Agreement	• In progress – addressing items raised by City of Stirling and Wanneroo
• Maintain and improve existing contemporary business systems, eg finance, procurement, project management, customer service and marketing	• On-going – Navision upgrade planned for coming months
• Strengthen Member Council partnerships and relations	• On-going
• Review and, where appropriate, revise funding strategies for the business	• On-going – Financial Management Workshop held in February to consider 20 year Financial Plan going forward and funding arrangements
• Develop the information management system eg. Records, website, knowledge, for the business	• On-going – IT Strategic Plan in progress

ATTACHMENT TWO

TO ITEM 4

TECHNICAL WORKING GROUP MEETING

13 APRIL 2007

DRAFT BUSINESS PLANNING 2007 - 2008

MINDARIE REGIONAL COUNCIL

ANNUAL BUSINESS PLAN 2007/2008

Proposed Action	Comments
Objective One: Resource Management • Develop and implement resource management programs, particularly for landfill, recycling and reuse in accordance with State Government requirements. Eg. Site licence • Develop revised Master Plan for Tamala Park	

MINDARIE REGIONAL COUNCIL

ANNUAL BUSINESS PLAN 2007/2008

Proposed Action	Comments
• Executive bush management activities as follows: - Implement limited bush management on completed landfill area, and other areas - Finalise Bush Management Plan • Implement gas management plan, including collection of revenue • Execute groundwater management activities as follows: - Maintain existing groundwater monitoring via CSIRO - Implement plan for groundwater monitoring West of Marmion Avenue - Implement plan for modelling of potential groundwater impact on coastal environment	

MINDARIE REGIONAL COUNCIL

ANNUAL BUSINESS PLAN 2007/2008

Proposed Action	Comments
• Progress Resource Recovery Facility by actions as follows: - Appoint contractor - Develop Mindarie Regional Council community liaison programme for Resource Recovery Facility • Implement revised Regional Concept for Waste Management including community engagement and education, in accordance with best practice • Plan and implement Community Communication Plan 2007/2008 including newsletters, publicity, Annual Report and Corporate Function and educational activities • Progress the alignment of waste management services within the region, particularly in regard to collection and disposal of hazardous waste	

MINDARIE REGIONAL COUNCIL

ANNUAL BUSINESS PLAN 2007/2008

Proposed Action	Comments
Objective Two: Resource Business Creation • Investigate business opportunities associated with: - Expanded resource recovery capabilities, including Resource Recovery Park • Landfill "beyond Tamala"	

MINDARIE REGIONAL COUNCIL

ANNUAL BUSINESS PLAN 2007/2008

Proposed Action	Comments
Objective Three: Industry Leadership • Participate in defined external industry-related forums eg. MWAC, WMAA, WALGA • Research contemporary practice for future waste and resource industry development, service delivery and waste education • Develop integrated initiatives to capitalise on these future options • Strengthen partnerships with Government, industry and academic institutions in order to promote improvement in waste management sector	

MINDARIE REGIONAL COUNCIL

ANNUAL BUSINESS PLAN 2007/2008

Proposed Action	Comments
Objective Four: Organisational Management • Finalise Establishment Agreement • Maintain and improve existing contemporary business systems, eg finance, procurement, project management, customer service and marketing • Strengthen Member Council partnerships and relations • Review and, where appropriate, revise funding strategies for the business • Develop the information management system eg. Records, website, knowledge, for the business	

ATTACHMENT THREE

TO ITEM 4

TECHNICAL WORKING GROUP MEETING

13 APRIL 2007

DRAFT OPERATING STRATEGIC BUDGET

MINDARIE REGIONAL COUNCIL
DTT FINANCIAL MODEL
COMPARATIVE OPERATING STATEMENTS

	Actual 2005/2006 $	Revised Budget 2006/2007 $	Estimated 2007/2008 $
INCOME			
Operating Income			
Processable/Non Processable	9,494,747	11,954,000	13,269,065
Stirling Bales/Other Residue	334,748	385,000	449,750
City of South Perth	176,653	98,775	-
Casual	2,523,011	3,536,171	3,593,229
Total Operating Income	12,529,159	15,973,946	17,312,044
Other Income			
Grants	10,698	10,000	10,250
Contributions, Rebates	65,286	80,000	82,000
Sale of Recyclable Material	258,420	260,000	280,000
Sale of Limestone	6,735	10,000	10,250
Landfill Gas	181,089	400,000	350,000
Interest Income	155,031	20,000	100,000
Gain sale of Assets	3,434	-	-
Total Other Income	680,893	780,000	832,500
TOTAL INCOME	13,210,052	16,753,946	18,144,544
EXPENSES			
Tamala Park Operating Expenses			
Employee Costs	2,374,029	3,007,622	3,159,882
Consultants & Contract Labour	491,503	517,000	529,925
Communications and Public Consultation	233,427	465,000	476,625
Office Expenses	234,455	423,000	437,675
Implementation-Upgrade of Navision and Wasteman (Estimate)	-	0	100,000
Maintenance Buildings & Equipment	376,012	302,900	415,023
Utilities	68,587	35,000	35,875
Insurance	89,324	113,430	116,266
Plant & Equipment - Operating/Hire Expenses	864,007	819,500	852,288
Landfill Expenses			
DEP Landfill Levy	1,014,060	1,850,000	1,961,758
Clay Liners	981,519	50,000	-
Lease / Rental Charges	236,428	525,000	538,125
Other Landfill Expenses	557,054	692,558	850,063
Interest Expense & Finance Charges	818,401	1,230,691	1,493,661
Other			
Members Costs	50,408	113,890	116,737
Reimbursements	714	49,000	50,225
Other	86,206	117,500	160,924
Loss on Sale of Assets		12,094	
Transfer Interest Earnings to RRF	27,080		
Total Tamala Park Operating Expenses	8,503,214	10,324,185	11,295,052
Amortisation - Landfill and Rehabilitation	1,946,819	2,953,571	4,014,813
Site Monitoring Provision	100,000	100,000	92,566
Depreciation Tamala Park Assets	781,061	1,104,577	839,271
TOTAL EXPENSES	11,331,094	14,482,333	16,241,702
SURPLUS	1,878,958	2,271,613	1,902,842

ATTACHMENT FOUR

TO ITEM 4

TECHNICAL WORKING GROUP MEETING

13 APRIL 2007

SCHEDULE OF PRPOSED FEES AND CHARGES 2007/2008

MINDARIE REGIONAL COUNCIL
"TAMALA PARK" REFUSE AND RECYCLING CENTRE
SCHEDULE OF PROPOSED FEES AND CHARGES 2007/2008
Effective 1 July 2007

		ADOPTED Fee (GST inclusive) from 1 Aug 2006	GST Payable to ATO	PROPOSED Fee (GST inclusive) from 1 July 2007	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**	$77.00 $7.00	$7.00 $0.64	$84.00 $8.00	$7.64 $0.73
	(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	$23.10 $23.10 $44.50	$2.10 $2.10 $4.05	$25.00 $25.00 $50.00	$2.27 $2.27 $4.55
	(d) **Asbestos** - whole loads per tonne (incl burial fee)	$150.00	$13.64	$150.00	$13.64
2	SPECIAL BURIALS (SUPERVISED) At the discretion of the Site Controller in addition to the tonnage rates **Charge per 5 cubic metres**	$130.30	$11.85	$135.00	$12.27
3	CONTROLLED WASTE PER TONNE	$150.00	$13.64	$150.00	$13.64
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)	$6.00 $13.00	$0.55 $1.18	$6.00 $13.00	$0.55 $1.18
	(c) Tyres (Maximum disposal 4) - per 4 tyre, pro rata for < 4 Per tonne	$15.00 $250.00	$1.36 $22.73	$15.00 $250.00	$1.36 $22.73
	(d) Safe sharp containers 7 litre or less each Over 7 litres per litre	$13.00 $1.30	$1.18 $0.12	$13.00 $1.30	$1.18 $0.12
	(e) Light weight bulk material less 300 kg Per cubic metre - each cubic metre	$19.50	$1.77	$25.00	$2.27

ITEM 5. **FUTURE WASTE DISPOSAL/PROCESSING PLANNING; FUTURE LANDFILL SITE - Technical Working Group Meeting 13 April 2007**

File No: **WST/31**

Attachment(s): **Nil**

Author: **Ian Watkins**

SUMMARY

The purpose of this report is to obtain Council approval to undertake a detailed investigation into potential future landfill sites for use beyond the life expectancy of the Tamala Park Landfill site.

BACKGROUND

Based on current tonnages and future anticipated growth in the region, the Tamala Park Landfill will reach maximum capacity by approximately 2019. This is pushed out to approximately 2023 with the development of three Resource Recovery Facilities.

Future waste management options including disposal or processing need to be considered and progressed well before the Tamala Park Landfill reaches maximum capacity.

DETAIL

Current Situation

The Mindarie Regional Council business is currently structured around disposing of waste to landfill, with a limited amount of recycling occurring (<1%). Mindarie Regional Council is actively pursuing Resource Recovery and by late 2008, it is anticipated that the first Resource Recovery Facility will be operational. This will divert approximately 70,000 tonnes per annum of waste away from landfill.

Progressively, over time, the intention is to develop further Resource Recovery Facilities to process most of the waste generated within the region. Based on current technology and accepted practice, all waste processing facilities generate a residue component. This residue can be up to 40% of the incoming tonnage. Hence, it is foreseeable that landfill will remain an important component of the Mindarie Regional Council Waste Management Strategy well into the future.

The State Government maintains the policy of Zero Waste to landfill by 2020. This is a commendable policy and one that is being actively strived for by the Mindarie Regional Council. However, the reality is that the Mindarie Regional Council (or any other Waste Management Authority), will not be able to achieve Zero Waste to landfill for the foreseeable future and certainly not by 2020.

Ultimately the Mindarie Regional Council is responsible to its Member Councils for the continuous management of waste generated within the region. In order to ensure this ongoing responsibility, the Mindarie Regional Council must secure landfill waste disposal option(s) beyond the life expectancy of Tamala Park.

Future Situation

It is anticipated that the future waste management situation will incorporate the following:

- Increased tonnage of waste being generated
- Increased pressure (Social & Political) to improve recycling rates
- Further development of Resource Recovery options and recycling
- Reduced tonnages of waste going directly to landfill without first going through a Resource Recovery Facility
- Increased tonnage of waste processing residue being generated
- Ultimately (ideally) less waste ending up in landfill

Processing and/or landfilling of waste requires significant infrastructure development and consequently land. Ultimately the Tamala Park Landfill will reach maximum capacity and the Neerabup site will be unable to accommodate all Resource Recovery Infrastructure required to process all waste being generated in the region.

Mindarie Regional Council needs to consider future land requirement options in order to secure the future of waste management for its Member Councils. Land availability is seen as a major component of the Mindarie Regional Council future strategy.

Landfill will remain a major component of the Mindarie Regional Council future waste management strategy. This option requires by far the greatest area of land in comparison to resource recovery and recycling options, hence, potentially could present the greatest obstacle to the future of Mindarie Regional Council waste management.

Future Requirements

In order to secure the future of waste management for its Member Councils, the Mindarie Regional Council is required to:

- Continually develop recycling and resource recovery options. These being:
  - Small scale recycling and waste diversion to Tamala Park
  - Large scale development of Resource Recovery Facilities
  - Waste education implementation in conjunction with Member Councils to reduce waste generation
  - Investigate synergies with other waste management authorities
  - Monitoring of changes in technology (locally and globally)
- Remain actively involved in the policy making processes impacting on Waste Management. These being:
  - WALGA
  - Waste Management Association of Australia (WMAA)
  - Department of Environment and Conservation
  - Waste Management Board
  - State Government

- Investigate landfill related Waste Management options beyond Tamala Park These being:
  - Contracting out of landfill requirements
  - Develop a new landfill and also contracting out portions of the waste stream
  - Develop a new landfill and not contract out
  - The need for waste transfer station(s)
- Investigate future land requirements for:
  - A new landfill
  - Waste transfer stations
  - Additional Resource Recovery Facilities beyond the capacity of the Neerabup site

Order of Priority

1. Securing land for a new landfill beyond Tamala Park is seen as the greatest challenge. Investigations should be progressed into identifying suitable future landfill sites that incorporate:
   - The least travel distance for Member Councils
   - Sufficient size to include necessary buffer zones
   - Potentially able to include future Resource Recovery Facilities and other Waste Management infrastructure
   - Least potential for urban encroachment
   - Adequate environmental protection
2. Review landfilling options acceptable to Council including:
   - Contracting out of landfilling
   - Developing a new landfill and partially contract out
   - Developing a new landfill
   - Land tenure options (own/lease)

CONSULTATION

A meeting was held between Mindarie Regional Council Officers and Member Council Officers on 1 March 2007 to discuss the potential landfill options. The outcomes of the meetings are the subject of this Item.

Additional consultation has occurred with:

- City of Wanneroo
- Shire of Chittering
- Shire of Gingin
- Veolia (previously Collex)
- Sita
- Boral

STATUTORY IMPLICATIONS

Not applicable

POLICY IMPLICATIONS

Not applicable

STRATEGIC IMPLICATIONS

Planning for future Waste Management activities is consistent with Objective One of the Councils Strategic Plan 2004 - 2009.

FINANCIAL IMPLICATIONS

Limited financial expenditure will be required to cover the cost of undertaking an investigation into identifying potential future landfill sites and reviewing landfilling options.

TECHNICAL WORKING GROUP – 13 APRIL 2007

Nil Discussion.

RECOMMENDATION

That Council:

(i) Accepts the report on Future Waste Disposal/Processing Planning; Future Landfill Site - TWG Meeting 13 April 2007

(ii) Acknowledge the future strategy of increased recycling and resource recovery

(iii) Authorise the CEO to progress with:

(a) Identification of suitable future landfill sites; and

(b) A review of future landfilling options

On completion of the investigations and review, a report will be presented to Council

ITEM 6. **RESOURCE RECOVERY FACILITY – JOINT VENTURE CONTRACT VARIATION – Technical Working Group 13 April 2007**

File No: **WST/3-03**

Attachment(s): **1. Joint Venture Request for Variation letter dated 4 April 2007**

Author: **Ian Watkins**

SUMMARY

The purpose of this report is to advise Council of the payment of Joint Venture invoices in excess of the previously approved Revised Estimate (OCM 8/2/07).

BACKGROUND

At the Ordinary Council Meeting 17 August 2006 Council resolved as follows:

That Council:

(i) note that a further review of fees payable to the Joint Venture has occurred prior to a previously identified date of 31 December 2006

(ii) accept the fee variation request submitted by Cardno BSD/Meinhardt JV as set out in their letter dated 25 January 2006 with respect to the increased scope of work and changing Task 7 from Lump Sum to Hourly Rates

(iii) Accept that:-

a) the hourly rates for the JV be increased as requested in their letter dated 25 January 2006, with the exception of the Project Director and Assistants Project Director, whose hourly rates will be increased to $204.66

b) that the Association of Professional Engineers, Scientists and Managers (APESMA) survey be used to adjust hourly rates annually on 1 January

(iv) note that the application of these revised rates will involve additional payments for work completed 1 January 2006 to present, estimated at $146,055

Since August 2006, the Joint Venture has been involved in significantly more work than was anticipated when it requested the fee variation. The extent of the additional work has resulted in an overspend on various tasks relating to the development of the Resource Recovery Facility.

DETAIL

The Joint Venture has submitted a request for a variation to the contract sum for Contract No. 13.33 to cover the additional work carried out in relation to the development of the Resource Recovery Facility.

The additional work carried out includes:

- the overseas inspection tour
- protracted contract negotiations with BioVision2020

- dealing with the extensive list of project financier (ANZ) queries
- changes to BioVision2020 shareholding structure
- numerous changes in the Conditions Precedent Date
- dealing with the BioVision2020 fee variation request
- intensive discussions relating to insurance matters
- additional Tender Evaluation Committee meetings
- preparation for and attendance at numerous Special Council Meetings

All of the above activities have resulted in the Joint Venture especially the Project Director, spending far more time on the project than the July 2006 fee variation had allowed. Consequently the Joint Venture has requested fee variations as follows:

1.	Task 7	Additional cost incurred during 2006 =	$258,089
2.	Task 7	Additional cost incurred from 1/1/2007 to 31/3/2007 =	$35,270
3.	Task 7	Estimate of costs to be incurred in April and May 2007 =	$20,000
4.	Task 7	Assessment of BioVision2020 variation in March and April 2007 =	$5,000
		Total Variation Request =	$318,359

The detailed request for variation from the Joint Venture is at Attachment One to this Item.

CONSULTATION

During the preparation of this item, consultation occurred with the following parties:

- Cardno BSD Meinhardt JV

STRATEGIC IMPLICATIONS

The development of a Resource Recovery Facility is consistent in Objective One of the Council's Strategic Plan 2004 – 2009.

FINANCIAL IMPLICATIONS

The Mindarie Regional Council has been aware of the additional hours spent on the project by the Joint Venture and as such has included forward estimates of "Work in Progress" in the regular Resource Recovery Facility update reports. At the Ordinary Council Meeting of 22 February 2007 there was a value of $217,736 reported as "Work in Progress" and $100,000 for proposed "future expenditure". Of the $100,000, $50,000 related to work to be carried out in Task 7 (the subject of this variation). Hence as at February 2007, there was an allowance for an anticipated variation of $267,736 against Task 7.

Based on the fee variation now received, the variation value is $318,359, hence there is an effective cost increase of $50,623 which has not been previously anticipated.

The values reported in the Resource Recovery Facility Project Progress Report for the Ordinary Council Meeting 26 April 2007 reflect the full value of the Joint Venture variation request.

STATUTORY ENVIRONMENT

Nil.

COMMENT

There was a Council resolution of the 7 December 2006 Ordinary Council Meeting that the Administration was to seek Council approval for over expenditure of Resource Recovery Facility project development costs. This process was activated in late January 2007, resulting in the Council approval of the Revised Estimate (OCM 8/2/2007) and work has proceeded against this revised estimate.

Notwithstanding, the Administration has obtained information that the Joint Venture was likely to exceed their original estimates and provided some information on these matters in the form of the attached letter dated 4 April and invoices for payment. These invoices have been checked for accuracy and certified for payment.

Council is hereby being advised of these payments.

TECHNICAL WORKING GROUP – 13 APRIL 2007

The Group noted that this action for payment of accounts was consistent with previous Council resolutions.

RECOMMENDATION

That Council note the plan by the Administration to pay the Joint Venture invoices against the Resource Recovery Facility project.

ATTACHMENT ONE

TO ITEM 6

TECHNICAL WORKING GROUP MEETING

13 APRIL 2007

JOINT VENTURE REQUEST FOR VARIATION LETTER DATED 4 APRIL 2007

Cardno BSD Centre
2 Bagot Road
Subiaco WA 6008
(PO Box 155 Subiaco WA 6904)

Telephone (08) 9273 3888
Facsimile (08) 9388 3831
Email: enquiry@bsd.cardno.com.au

Cardno BSD
MEINHARDT
JOINT VENTURE

ABN 53 799 895 788

Our Ref V03004-AJM07033.10-Variation

Contact Andrew Mack

4 April 2007

Mindarie Regional Council
Tamala Park
P O Box 538
JOONDALUP W A 6919

ATTENTION: KEVIN POYNTON

Dear Kevin

RE: CONTRACT NO 13.33
SECONDARY WASTE TREATMENT FACILITY PROJECT MANAGEMENT

The Cardno BSD/Meinhardt Joint Venture is seeking a variation to the fees associated with undertaking the services of Contract No 13.33 for the Mindarie Regional Council (MRC).

As you will be aware, delays in obtaining the environmental approvals, selecting and purchasing a site and the preparation of the request for tender have already resulted in the project being well beyond the initial completion date of 30 September 2005.

Furthermore, I am sure you will appreciate and understand the additional delays associated with the complexity of negotiations with BioVision 2020 Pty Ltd and the subsequent discussions and negotiations between BioVision and the ANZ Bank.

The original fee schedule for the project comprises a combination of lump sum amounts and estimates of fees based on estimated hours and nominated hourly rates. The contract also envisaged possible extensions of services from the Joint Venture. In clause 1.5 of the Brief for Consulting Engineering Services for Project Management, it states *"... in due course the Project Manager may be required to become involved in other works (eg additional stages or extensions) required for the ongoing development, management and operation of the overall facility which may be expected to have a working life of at least 20 years."*

It was always envisaged that the provision of any extension of service such as those detailed above would be subject to negotiation on an "as needs" basis between the MRC and the Project Manager.

In the tender submission of the Joint Venture, it is stated *"variations to the contract will be determined (by) through agreement with the MRC"*. This request is consistent with the intent of the contract as described above, and with the general principle that any contract between parties can be varied by mutual agreement.

You will obviously be aware that previous Variations have been granted by the MRC, however due to the additional work required to complete the tasks and protracted negotiations between the Joint Venture, BioVision and ANZ, the Joint Venture requests a further Variation, as outlined in this letter, in respect of the following matters.

You will be aware that the Joint Venture is yet to invoice the MRC for a range of work undertaken in 2006 and 2007. This is partly as a result of the work undertaken by the Joint Venture to rationalise the expenses to date and the ongoing dialogue with the MRC in terms of this correspondence.

You will however appreciate the fact that significant expenses have been incurred by the Joint Venture during this period. These have particularly arisen through the complexity of discussions with BioVision and the subsequent protracted negotiations with BioVision and ANZ.

It is important to recognise that a great deal of the costs have been incurred as a result of commercial negotiations held with parties without senior lawyers present as an means of reducing costs. Subsequent meetings were then held with lawyers from both sides present to translate the commercial agreements into legal clauses. The vast majority of the work undertaken by the Joint Venture was by the Project Director. This was necessary given that it largely involved negotiations on behalf of the MRC.

Whilst the negotiations proved to be successful, you will appreciate that the legal negotiations were very difficult and protracted. Extreme pressure was placed on the MRC position by the other side, and the Joint Venture was ultimately successful in achieving an agreement that preserves important risk outcomes for the Council. This agreement will be a benchmark for this type of contract in Australia.

To progress this matter and facilitate the generation of a mutually acceptable outcome for the respective parties, we believe that a variation of **$258,089** (exclusive of GST, but including all disbursements) is appropriate for the work conducted to 31 December 2006 associated with this task.

As alluded to, the Joint Venture has not yet invoiced the MRC for the total of the work associated with Task 7. The amount detailed above ($258,089) covers the additional costs incurred by the Joint Venture up to 31 December 2006.

For the work conducted in 2007, all work undertaken for Task 7 also forms a Variation over and above the original Contract and Approved Variation amounts for this Task. As such, the Joint Venture seeks an additional Variation to cover work conducted during the period of January to April 2007 associated with Task 7.

The Joint Venture has previously forwarded you correspondence dated 27 March 2007 that requested a variation to all contract rates of 7.7%. This figure was in accordance with the fee variation approved in the MRC letter dated 29 August 2006, and is based on the average percentage increase in salary for the industry grouping "Consulting and Technical Services" as detailed in the Association of Professional Engineers, Scientists and Managers (APESMA) "Professional Engineer Remuneration Survey Report – December 2006". The proceeding figures incorporate this increase of 7.7% to the contract rates on the assumption that the MRC approves this.

Based on our calculations, we suggest that a Variation covering the months of January, February and March 2007 of **$35,270** (exclusive of GST but including all disbursements) is appropriate.

In terms of the work predicted to be completed in April and May 2007 by the Joint Venture to financial close, we estimate a sum of **$20,000** (exclusive of GST but including all disbursements).

In addition to the amounts detailed above, the Joint Venture's involvement in the assessment of the BioVision variation in March and April 2007 incurred costs of **$5,000** (exclusive of GST but including all disbursements).

Summary of Variations Sought

The above Variations are summarised as follows:

Item 1
Task 7 – Costs Incurred During 2006
$258,089 (exclusive of GST, but including all disbursements)

Item 2
Task 7 – Costs Incurred From 1 January to 31 March 2007
$35,270 (exclusive of GST but including all disbursements)

Item 3
Task 7 – Estimate of Costs to be Incurred in April and May 2007
$20,000 (exclusive of GST but including all disbursements)

Item 4
Task 7 – Assessment of BioVision variation in March and April 2007
$5,000 (exclusive of GST but including all disbursements)

Total **$318,359**

A copy of the spreadsheet associated with each of these figures is provided as an Attachment to this correspondence. Please note that the figures detailed in Item 2 and Item 3 above include the 7.7% increase to contract rates as detailed in the Joint Venture's correspondence dated 27 March 2007.

I trust the above information is self-explanatory. Should you wish to clarify any aspect of this correspondence, please do not hesitate to contact the undersigned or Mr John King on 9273 3888 to discuss.

Yours sincerely

Andrew Mack
Senior Environmental Consultant
for **Cardno BSD**

Enc: Spreadsheet

JV Invoice
All figures exclude GST

Date: 4-Apr-07

	DESCRIPTION	Task 6 - Tender Process	Task 7 - Assessment	Task 8 - Management	Task 9 - Monitoring	Task 10 - Environmental Approval	Variation 3 - RWMP	Variation 6 - Land Investigation	V02005 - Community Consultation	TOTALS
Contract Amounts	**Method**	**Lump Sum**	**Lump Sum**	**Hourly Rates**	**Hourly Rates**	**Hourly Rates**	**Lump Sum**	**Hourly Rates**	**Hourly Rates**	
Original		$36,796.00	$76,271.00	$159,261.00	$28,075.00		$28,050.00			$327,453.00
Approved Time Variation MRC Ltr 23/04/2004		$576.80	$2,135.59	$4,459.31	$786.10					$7,957.80
Approved Variation MRC ltr 2/05/2005		$144,537.00								$144,537.00
Variation 2006 JV Ltr 15/6/06	Fees	$22,140.00	$66,410.00							$88,550.00
	Other	$3,800.00								$3,800.00
	Time increase		$29,145.00	$103,170.00	$6,035.00					$138,350.00
			$24,560.00							
Revised Total		**$206,849.80**	**$198,521.59**	**$266,890.31**	**$34,896.10**	**$0.00**	**$28,050.00**	**$0.00**	**$0.00**	**$735,207.80**
Claimed to 30/11/05		$181,644.68	$3,389.14			$171,684.87		$3,401.00		$360,119.69
Balance Available		**$25,205.12**	**$195,132.45**	**$266,890.31**	**$34,896.10**	**$0.00**	**$28,050.00**	**$0.00**	**$0.00**	**$550,173.98**

Invoices

Date	Number	Period									
12-Dec-05	50012	Nov-05	$ 23,815.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$23,815.00**
15-Jan-2006	50013	Dec-05	$ -	$ 11,518.74	$ -	$ -	$ -	$ -	$ 623.00	$ -	**$12,041.74**
16-Mar-2006	60001	Jan-06	$ -	$ 18,105.00	$ -	$ -	$ -	$ 2,147.00	$ -	$ -	**$20,252.00**
16-Mar-2006	60002	Feb-06	$ -	$ 25,600.00	$ -	$ -	$ 322.00	$ -	$ -	$ -	**$25,922.00**
29-May-2006	60003	Mar-06	$ 4,418.00	$ 37,058.00	$ -	$ -	$ -	$ -	$ -	$ 433.00	**$41,909.00**
29-May-2006	60004	Apr-06	$ -	$ 12,415.86	$ -	$ -	$ -	$ -	$ -	$ -	**$12,415.86**
29-Jun-2006	60005	May-06	$ 8,143.00	$ -	$ -	$ -	$ -	$ 2,320.16	$ 300.00	$ 386.10	**$11,149.26**
12-Jul-2006	60006	Jun-06	$ -	$ 1,000.00	$ -	$ -	$ -	$ 4,754.00	$ 1,066.00	$ 386.10	**$7,206.10**
21-Aug-2006	JV70001	Jul-06	$ -	$ 98,748.67	$ -	$ -	$ -	$ 560.00	$ -	$ -	**$99,308.67**
21-Aug-2006	JV70-008	Jul-06	$ -	$ 37,662.93	$ -	$ -	$ -	$ 2,622.66	$ -	$ -	**$40,285.59**
31-Oct-2006	JV70-008	Aug-06	$ -	$ 39,443.08	$ -	$ -	$ -	$ 11,338.06	$ 525.00	$ -	**$51,306.14**
20-Nov-2006	JV70-018	Sep-06	$ -	$ 34,782.60	$ -	$ -	$ -	$ 570.00	$ -	$ -	**$35,352.60**
30-Jan-2007	JV70-019	Oct-06	$ -	$ 26,881.69	$ -	$ -	$ -	$ -	$ 1,665.00	$ -	**$28,546.69**
30-Jan-2007	JV70-020	Nov-06	$ -	$ 31,970.27	$ -	$ -	$ -	$ -	$ -	$ -	**$31,970.27**
30-Jan-2007	JV70-021	Dec-06	$ 36,376.00		$ -	$ -	$ 322.00	$ 24,311.88	$ 4,079.00	$ 1,205.20	**$29,918.08**
		Total	**$72,752.00**	**$378,575.98**	**$0.00**	**$0.00**	**$644.00**	**$48,623.76**	**$8,158.00**	**$2,410.40**	**$471,399.00**
Balance Available			**-$47,546.88**	**-$183,443.53**	**$266,890.31**	**$34,896.10**	**$0.00**	**-$20,573.76**	**$0.00**	**$0.00**	**$78,774.98**

Variation Request 24/01/2007

Trip:	$	16,065.80		
Rate Increase Dec 06 - Jul 06	$	84,198.72		
Estimated expenditure Jan and Feb 2007	$	50,000.00	Available	$117,097.59
	$	**333,708.05**	Spent	$375,186.84
			Shortfall	$258,089.25
			2007	$ 55,270.00
			Variation	$ 5,000.00
			Total	**$318,359.25**

ITEM 7. **LIMESTONE DISPOSAL – LIMESTONE CRUSHING AND BLOCKMAKING – Technical Working Group Meeting 13 April 2007**

File No: **WST/59**

Attachment(s): **1. Limestone Removal Agreements**

Author: **Ian Watkins**

SUMMARY

The purpose of this report is to obtain approval from Council to advertise a public notice notifying the general public of plans to dispose of limestone from Tamala Park and provide information on a proposed tender for the removal of limestone from Tamala Park.

BACKGROUND

As a result of excavations to generate landfill airspace, a large limestone stockpile has been formed at Tamala Park. The City of Joondalup residents in the vicinity of Tamala Park have objected strongly to the presence of the limestone stockpile.

Following ongoing effort to remove limestone from Tamala Park, provisional agreement has been reached with two companies to crush limestone and manufacture limestone blocks. In order to formalise the agreements, it is necessary to publish a public notice advising the general public of the Mindarie Regional Council intention and providing an opportunity for comment.

DETAIL

Mindarie Regional Council has previously been approached by a number of limestone block manufacturers to establish block making facilities on site. This has not been possible as there is insufficient space on site to accommodate their needs.

Recently Mindarie Regional Council has been approached by two separate limestone block manufacturing companies that have proposed to crush limestone and produce blocks in such a manner that the operations can occur within the footprint of the existing limestone stockpile.

Summary of Proposed Activities

Stoneridge has proposed to crush approximately 100,000 to 150,000 tonnes of limestone per year and manufacture blocks using a small plant set up within the limestone footprint in the vicinity of its crushing operation.

BGC has proposed to also approximately 100,000 to 150,000 tonnes of limestone per year and produce limestone blocks. Initially the limestone will be crushed on site and transported to its existing facility. Once sufficient space had been made available within the limestone footprint, BGC would investigate and propose a method of limestone block manufacture that is acceptable to the Mindarie Regional Council.

Commercial Arrangements

The basis of both agreements is as follows:

- Mindarie Regional Council guarantee a supply of limestone for a minimum of 7 years.
- The company provides all of its own infrastructure requirements at no cost to the Mindarie Regional Council.
- Mindarie Regional Council provides a water supply.
- No company royalty paid to Mindarie Regional Council.
- No Mindarie Regional Council payment to the company for limestone removal.

Summary details of both agreements are at Attachment One to this Item.

Benefit to Mindarie Regional Council

The arrangements should result in approximately 200,000 to 300,000 tonnes per year of limestone being removed off site at no cost to the Mindarie Regional Council.

The height of the limestone stockpile will be able to be progressively reduced over the term of the agreements.

Potentially additional storage space will be gained for when the next stage of excavation commences.

Method of Operation

All crushing and blockmaking operations will occur within the existing stockpile footprint.

All activities will be visually screened from the Kinross area by working behind the existing south facing slope of the stockpile.

As needed, when sufficient void space had been formed in the stockpile behind the south facing slope, Mindarie Regional Council would arrange to push parts of the southern slope into the void.

Kinross residents would not see continuous activity on the stockpile. Typically twice a year a dozer would be seen for a week or two lowering the stockpile by a few meters at a time.

Way Forward

Note: In accordance with the Local Government Act 1995, S3.58, the Mindarie Regional Council is required to give local public notice of its intent to dispose of property.

Sequence of Events

- A public notice will be published with a 2 week comment period.
- A Final report to Council presented at next Ordinary Council Meeting (2 July 2007).
- Subject to Council approval, licence agreements will be signed with the two companies.

Current Situation

Both companies have commenced operations on site as a trial prior to formalisation of the necessary agreements.

Expression of Interest – Limestone Removal

In parallel to the above negotiations undertaken with Stoneridge and BGC, an Expression of Interest for limestone removal from Tamala Park was advertised. The intent being, to see what other options were available to the Mindarie Regional Council with regards to limestone disposal.

The Expression of Interest was advertised on Saturday 10 March 2007 with expressions to be received by 10.00 am Friday 30 March 2007. At the time of closing only three expressions were received. Those being from Stoneridge and BGC confirming their interest in progressing as described above and one from Western Plant Hire who has an existing licence with Mindarie Regional Council to remove limestone.

From the Expression of Interest process, it is evident that the Mindarie Regional Council is currently dealing with the companies that present the best option for removing limestone from site.

Limestone Removal Tender

The Mindarie Regional Council has also been presented with potential to remove 1.4 million tonnes of limestone from Tamala Park over a period of two to three years. Mindarie Regional Council is required to contribute towards the transport costs. In order to take advantage of this offer, the Mindarie Regional Council is required to go out to Tender for the proposed works.

It is anticipated that tenders will be called during May 2007 with a recommendation being presented to Council in July 2007. The tender documentation will be based on the following:

- Removing limestone from stockpiles (either existing stockpile or stockpiles to be pushed up by Mindarie Regional Council in the Stage 2 Phase 3 footprint area. Mindarie Regional Council to determine where the limestone is removed from)
- Approximately 2000 tonnes removed per day
- Contractor to load material from stockpile

Limestone Removal Quantities

Supply

Stockpile above RL50	2.25 M t	
Stockpile below RL50	1.25 M t	(portion left in place as a screen)
Stage 2 Phase 2	1.4 M t	
Total	4.9 M t	

Demand

Landfill operations	700,000 t
Landfill cap	500,000 t
Stoneridge (7 yrs @ 125,000 t)	875,000 t
BGC (7yrs @ 125,000 t)	875,000 t
Tender	1.4 M t
Total	4.35 M t
Remainder	550,000 t

Should all the above demands eventuate, based on available volumes of limestone, there will be approximately 550,000 tonnes of material remaining in the stockpile area, below RL50 and not forming part of the permanent screen between the landfill and Kinross.

It is noted that the volume of limestone in the stockpile below RL50, would not necessarily have to be removed. This material is an available buffer amount to cater for additional demand including Mindarie Regional Council on site operational requirements.

Impact on the Development of Stage 2 Phase 3

It is anticipated that the bulk of the 1.4 M tonnes for the "tender works" will come from the Stage 2 Phase 3 area. Mindarie Regional Council will hire a dozer and progressively rip and push sufficient quantities of limestone to cater for the demand of the tendered works (approximately 2000 t/day).

Should the Stoneridge and BGC works not remove sufficient limestone to significantly reduce the height of the stockpile, the "tender works" can also be used to remove limestone from the main stockpile.

It is anticipated that the removal of 1.4 M tonnes of limestone as part of the "tendered works" should result in the bulk Stage 2 Phase 3 being excavated. This would result in significant saving in development cost that have been allocated for the future excavation works.

CONSULTATION

During the preparation of this item consultation occurred with the following:

- Kinross Residents Association
- BGC
- Stoneridge
- Western Plant Hire
- Woodhouse Legal

STATUTORY ENVIRONMENT

Progress of agreements in accordance with S3.58 of the Local Government Act 1995.

FINANCIAL IMPLICATIONS

For the Stoneridge and BGC works, the Mindarie Regional Council will not be charged for the removal of limestone from site. This is a significant improvement on previous costs incurred by the Mindarie Regional Council in undertaking similar activities.

For the "Tendered Works" the Mindarie Regional Council will most likely be required to contribute to the cost of removing limestone off site and also have to rip and push the limestone in Stage 2 Phase 3. The costs associated with these works will be far less than the cost budgeted for the Stage 2 Phase 3 landfill development works.

The costs associated with excavation and removal of limestone for the "tendered works" will be paid from loan funds.

STRATEGIC IMPLICATIONS

Continuation of the excavation activities is an essential aspect of ongoing landfill development.

TECHNICAL WORKING GROUP – 13 APRIL 2007

The Group noted the plan to include further information in the report on future opportunity for limestone disposal.

RECOMMENDATION

That Council:

(i) **accepts the proposed framework for the two limestone removal agreements as set out in Attachment One to this Item**

(ii) **authorises the public notification of the intended disposal in accordance with the requirements of S3.58 of the Local Government Act 1995.**

(iii) **notes the intent of the Administration to call tenders for the removal of 1.4 M tonnes of limestone**

ATTACHMENT ONE

TO ITEM 7.

TECHNICAL WORKING GROUP MEETING

13 APRIL 2007

LIMESTONE DISPOSAL – AGREEMENTS

Limestone Removal

Framework of Agreement

Stoneridge Proposal

Removal of approximately 100,000 to 150,000 tonnes of limestone from site per year.

Stoneridge will establish a limestone block making facility on site within the Licence Area.

Typically 300 tonnes of limestone will be removed off site per day.

Term of the agreement 7 years, with an option for a mutually agreed additional 5 year extension.

No Stoneridge royalty paid to MRC for limestone removed.

No MRC payment to Stoneridge for limestone removed.

Stoneridge Responsibility:

1. To provide all necessary infrastructure for its operations.
2. To carry out all necessary road improvements to enable vehicle access to the Licence area.
3. Provide a buffer water tank to receive bore water from the MRC supply. Tank to be filled during the night.
4. Coordinate operations with landfill staff to minimized impact on waste management operations and limestone removal operations.
5. Operate all activities behind the southern facing slope of the limestone stockpile. The southern facing slope is to be used as a screen so as not to impact on the neighbouring Kinross residents.
6. Maintain adequate dust and noise control at all times.
7. Maintain operations so as not to negatively impact on the neighbouring Kinross residents.
8. To obtain any necessary approvals from relevant Authorities.
9. All OH&S responsibility within the Licence area.
10. Comply with MRC site safety and induction requirements.
11. Coordinate site safety issues with MRC operations staff.
12. Maintain necessary insurances to cover it operations.

MRC Responsibility:

1. Provide access to site during normal working hours (Monday to Saturday 7.00 to 16.45).
2. Provide a groundwater supply of up to 20,000l per day. Additional supply may be obtained, but will depend on availability.

3. Weighbridge available for use if required by Stoneridge.
4. Guarantee the availability of sufficient limestone for the term of the agreement.
5. From time to time MRC will push limestone from the top of the stockpile towards the Stoneridge operational area. The object being that MRC will progressively reduce the height of the stockpile in a controlled manner. It is anticipated that this will occur typically twice a year.

Termination of Agreement:

1. Stoneridge may terminate the agreement at any time for any reason.
2. MRC may terminate the agreement if Stoneridge does not remove a minimum of 75,000 tonnes of limestone off site in the first year of the agreement and 100,000 tonnes per annum thereafter.
3. On termination Stoneridge will remove all of its infrastructure from site within 60 days of receiving the termination notification from MRC or submitting a termination notification to the MRC.

Licence Area:

1. The Licence Area is as per the marked-up aerial photo at Attachment 1.
2. The Licence Area may be adjusted from time to time by mutual agreement.

Measurement of Quantities of Limestone Removed off Site:

1. The weighbridge may be used to weigh outgoing limestone quantities.
2. Without the use of the weighbridge, vehicle loads can be used to estimate quantities of limestone. Actual vehicle capacities can be determined over the weighbridge, thereafter vehicle counts can be used.
3. MRC is only interested in approximate quantities of material removed, there is no need to establish the exact quantity of material removed from site.

Limestone Removal

Framework of Agreement

BGC Proposal

Removal of approximately 100,000 to 150,000 tonnes of limestone from site per year.

Initially crushed material removed from site.

Once space allows, BGC will investigate options to establish a block making plant on site within the limestone stockpile area. Any development of a block making plant must be agreed to by MRC prior to commencement.

Term of the agreement 7 years, with an option for a mutually agreed additional 5 year extension.

No BGC royalty paid to MRC for limestone removed.

No MRC payment to BGC for limestone removed.

BGC Responsibility:

1. To provide all necessary infrastructure for its operations.
2. To carry out all necessary road improvements to enable vehicle access to the Licence area.
3. Provide a buffer water tank to receive bore water from the MRC supply. Tank to be filled during the night.
4. Coordinate operations with landfill staff to minimized impact on waste management operations and limestone removal operations.
5. Operate all activities behind the southern facing slope of the limestone stockpile. The southern facing slope is to be used as a screen so as not to impact on the neighbouring Kinross residents.
6. Maintain adequate dust and noise control at all times.
7. Maintain operations so as not to negatively impact on the neighbouring Kinross residents.
8. To obtain any necessary approvals from relevant Authorities.
9. All OH&S responsibility within the Licence area.
10. Comply with MRC site safety and induction requirements.
11. Coordinate site safety issues with MRC operations staff.
12. Maintain necessary insurances to cover it operations.

MRC Responsibility:

1. Provide access to site during normal working hours (Monday to Saturday 7.00 to 16.45).

2. Provide a groundwater supply of up to 20,000l per day. Additional supply may be obtained, but will depend on availability.
3. Weighbridge available for use if required by BGC.
4. Guarantee the availability of sufficient limestone for the term of the agreement.
5. From time to time MRC will push limestone from the top of the stockpile towards the BGC operational area. The object being that MRC will progressively reduce the height of the stockpile in a controlled manner. It is anticipated that this will occur typically twice a year.

Termination of Agreement:

1. BGC may terminate the agreement at any time for any reason.
2. MRC may terminate the agreement if BGC does not remove a minimum of 100,000 tonnes of limestone off site in the first year of the agreement and 150,000 tonnes per annum thereafter.
3. On termination BGC will remove all of its infrastructure from site within 60 days of receiving the termination notification from MRC or submitting a termination notification to the MRC.

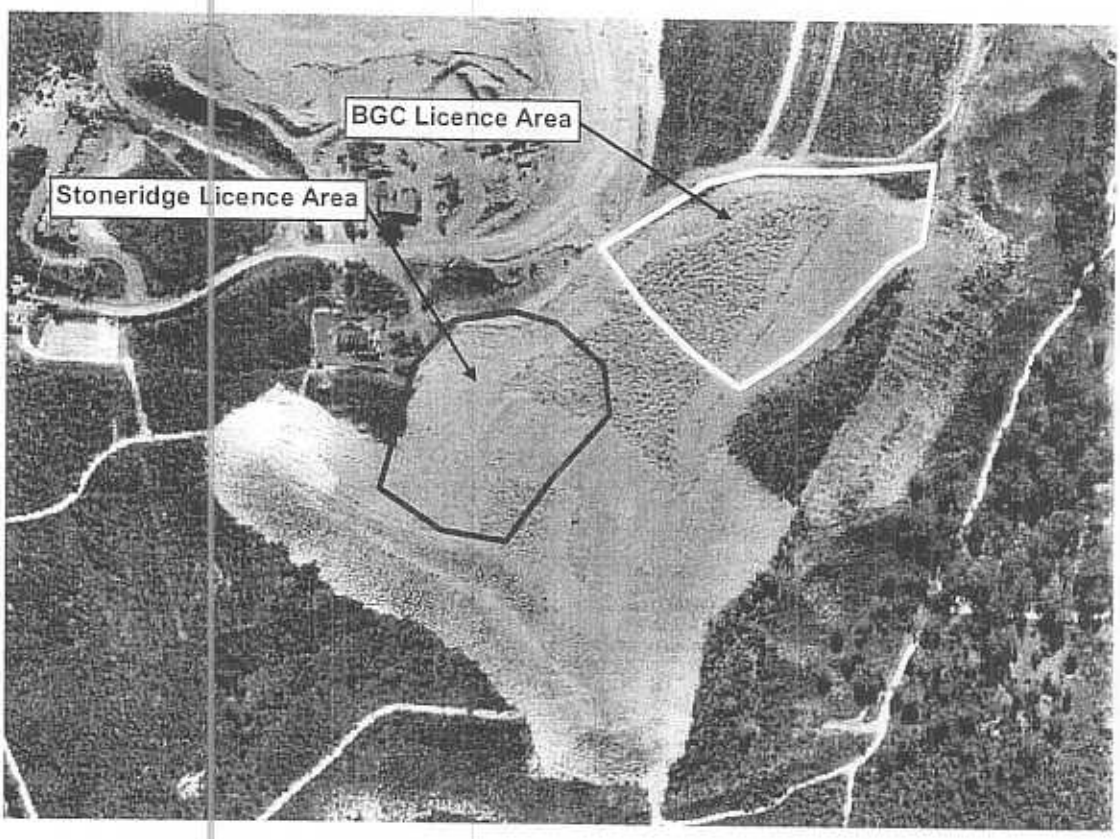
Licence Area:

1. The Licence Area is as per the marked-up aerial photo at Attachment 1.
2. The Licence Area may be adjusted from time to time by mutual agreement.

Measurement of Quantities of Limestone Removed off Site:

1. The weighbridge may be used to weigh outgoing limestone quantities.
2. Without the use of the weighbridge, vehicle loads can be used to estimate quantities of limestone. Actual vehicle capacities can be determined over the weighbridge, thereafter vehicle counts can be used.
3. MRC is only interested in approximate quantities of material removed, there is no need to establish the exact quantity of material removed from site.

Limestone Removal Agreements - Licence Areas



ITEM 8. **PROCESSIBLE WASTE DISPOSAL – CITY OF STIRLING REQUEST FOR EXEMPTION – Technical Working Group Meeting 13 April 2007**

File No: **WST/101**

Attachment(s): **1. The City of Stirling proposal for exemption**

Author: **Kevin Poynton**

SUMMARY

The purpose of this item is to seek Mindarie Regional Council approval for exemption to City of Stirling for disposal of particular waste to Mindarie Regional Council facilities.

BACKGROUND

The Mindarie Regional Council Constitution – an agreement to particular business rules, associated with the Mindarie Regional Council, between the seven participant Councils – provides for members to seek exemption from utilisation of Mindarie Regional Council services, under certain circumstances, with such an exemption to be obtained from the Mindarie Regional Council.

The likely intention of this approach is so that Mindarie Regional Council can ensure an appropriate quantity of feedstock for its processes.

The City of Stirling obtained a recent approval (April 2003) for such an exemption, when Council resolved as follows:

"Approve 'in principle' the exemption of the City of Stirling from municipal waste disposal at Tamala Park, for an initial period of ten years, commencing with effect from commencement of any new contracts for waste management."

This approval enabled City of Stirling to continue disposal of its processible waste to Atlas until at least 2013.

The City has now provided Mindarie Regional Council with another proposal for consideration in regard to exemption. Council consideration of this proposal is now appropriate.

DETAIL

<u>City of Stirling Proposal.</u>

The City of Stirling proposal for exemption is described in Attachment One to this Item. Key points to note are as follows:

- Tonnage:
  - Initial quantity – 14,000 tonnes
  - Optional quantity – 8,000 tonnes
  - Potential Total – 22,000 tonnes

- Timeframe:
  - Initial – 10 years
  - Option – Additional 10 years
  - Potential Total – 20 years

Potential Impact on Mindarie Regional Council Activities

The potential impact on Mindarie Regional Council operations in the event of the City of Stirling exemption materialising, is as follows:

- Reduction in disposal of processible waste to landfill at Tamala Park, until closure of that site, creating "more airspace for others".
- Reduction in quantity of waste available for processing by Mindarie Regional Council, on going, at Resource Recovery Facility type facilities.

Based on projected waste tonnages, with the 14,000 tonnes of City of Stirling waste being received at Tamala Park, the Mindarie Regional Council should have sufficient "processible waste" to develop a second Resource Recovery Facility by approximately 2023. Without the City of Stirling tonnage, the second Resource Recovery Facility could be developed in approximately 2027.

The potential impact on Mindarie Regional Council financial position is as follows:

- In the long-term the reduction in tonnage will extend the life of the Tamala Park landfill to the benefit of all customers and also reduce the need for developing additional Resource Recovery Facilities at significant cost saving to the Member Councils.

Strategic Outcomes from the Proposal.

The major advantages to the region in general, and the waste processing industry are as follows:

- The quantity of material being processed, rather than disposed to landfill, in the region, will increase.
- The delivery of this material to a fledgling facility, operated by AnaeCo, will potentially increase the probability of that AnaeCo process consolidating in the market, thereby giving all players the benefit of another strategic processing option.
- Reduced waste to landfill.

STRATEGIC IMPLICATIONS

The proposal is consistent with the Mindarie Regional Council Strategic Plan in relation to the promotion of opportunities for the processing of waste.

FINANCIAL IMPLICATIONS

The diversion of 14,000 tonnes/year will have the following impact:

- Decrease Mindarie Regional Council gate revenue.

- Marginally increase fixed costs per tonne for remaining customers.
- Extend the life of Tamala Park, hence delay the capital cost of developing a replacement landfill facility.

STATUTORY ENVIRONMENT

The Mindarie Regional Council has the authority to authorise an exemption from utilisation of its facilities under the existing Constitution.

COMMENT

The City of Stirling has requested Mindarie Regional Council grant an exemption for disposal of particular waste to Mindarie Regional Council facilities.

The Mindarie Regional Council has the authority to grant such an exemption.

Such an exemption is not likely to represent major disadvantage to the Mindarie Regional Council. Moreover, Mindarie Regional Council has no imperative to command receipt of this material for the exemption period in order to meet contractual commitments.

It is recommended that this exemption be granted.

TECHNICAL WORKING GROUP – 13 APRIL 2007

The Group supported the proposal from City of Stirling, on the basis that Mindarie Regional Council had no existing need for the material as feedstock for a Resource Recovery Facility, as well as the plan to divert material from landfill.

RECOMMENDATION

That Council:

(i) note the request from the City of Stirling for exemption from disposal of particular waste at Mindarie Regional Council facilities

(ii) authorise the exemption with details as follows:

(a)	**Tonnage:**	**22,000 max**
(b)	**Time Frame:**	**20 years max**

ATTACHMENT ONE

TO ITEM 8

TECHNICAL WORKING GROUP MEETING

13 APRIL 2007

THE CITY OF STIRLING PROPOSAL FOR EXEMPTION

City of Stirling
City of Choice

MRC Date Rec. 22/3/07
File:
Doc:

Enquiries: Customer Service – (08) 9345 5555

15 March 2007

Mr K Poynton
Chief Executive Officer
Mindarie Regional Council
PO Box 538
JOONDALUP WA 6919

Dear Kevin

EXEMPTION FOR CITY OF STIRLING DISPOSAL OF DOMESTIC WASTE – MINDARIE REGIONAL COUNCIL APPROVAL

In April 2003, Mindarie Regional Council (MRC) approved Motion (iv) Item 9.2.9 Establishment Agreement, as follows:

> *"Approve 'in principle' the exemption of the City of Stirling from municipal waste disposal at Tamala park, for an initial period of ten years, commencing with effect from commencement of any new contracts for waste management."*

Whilst the aforementioned motion refers to "any" new contracts for waste management, it primarily related to the City of Stirling's contract with Atlas to process all of its domestic household waste.

The exemption provided significant benefits to the MRC in that large quantities of waste could be diverted from the Tamala Park thereby extending the life of the landfill for all user member Councils as well as providing greater revenue opportunities from the commercial operators.

Currently due to operational and government restrictions, the Atlas contract has been amended down in capacity to 60,000 tonnes/year resulting in the land filling of approximately + 14,000 tonnes per year of municipal waste at Tamala Park.

However, over the past 6 months a joint venture between AnaeCo and Perpetual Investments approached the City of Stirling with an offer to process the excess domestic waste tonnes being land filled at their proposed Shenton Park Alternative Waste Facility.

Upon consideration the City of Stirling Council resolved the following at its meeting on 6 March 2007:

1. "Council APPROVES the Term Sheet proposed by the AnaeCo/Perpetual Consortium to process the City's surplus household waste in excess of the capacity of the Atlas facility (an initial amount of 14,000 tonnes with an option to extend this to 22,000 tonnes) for a ten year period with an option to extend for a further ten year period, and:

Administration Centre
25 Cedric Street Stirling WA 6021 | Telephone (08) 9345 5555 | Facsimile (08) 9345 5822 | www.stirling.wa.gov.au

2. The Mayor and Acting Chief Executive Officer be authorized to sign and affix the Council's seal to conclude and execute an agreement to this effect.

3. Council APPROVES the City making of a formal request to the Mindarie Regional Council for a variation to the exemption for all household waste for the purposes of recycling and processing by the Atlas Contract to include the AnaeCo/Perpetual Consortium.

4. Council APPROVES the City making a formal request to the Mindarie Regional Council to seek both support for the AnaeCo/Perpetual Consortium alternative Waste Treatment Facility, and provide any shortfall in household waste tonnes following the City's own contribution in order to meet the annual 22,000 tonnes commitment required."

Therefore, in line with Item 3 of the Council resolution above, the City of Stirling hereby formally requests that the Mindarie Regional Council exempt it from disposing its surplus municipal waste at Tamala Park for an initial period of 10 years from final acceptance of Term Sheet with an option to extend to 20 years.

The City is aware that this request may be seen as abrupt, however, it was not possible to manage in a more time forgiving manner due to resolution of contractual issues with Atlas, negotiation of Term Sheet with AnaeCo/Perpetual, and a March 2007 deadline for Federal Government grants for the venture.

Yours sincerely

Geoff Eves
DIRECTOR INFRASTRUCTURE MANAGEMENT

cc: His Worship the Mayor, Councillor T J Tyzack
Acting Chief Executive Officer
Manager Waste & Fleet

ITEM 9. **ADMINISTRATION BUILDING EXTENSION – ADDITIONAL INFORMATION – Technical Working Group Meeting 13 April 2007**

File No: **FIN/86 COP/2-02**

Attachment(s): **1. Proposed Drawing – Administration Office Extensions**
2. Quantity Surveyor Report

Author: **Kevin Poynton**

BACKGROUND

Council at its meeting on 22 February 2007 resolved as follows (Item No 9.1.5):

That Council:

(ii) Note the results of the mid-review for Capital Expenditure and:

(a) approve the extension to the administration building, at an estimated cost of $658,000, subject to Council approval of a business case for this project to be submitted to the Ordinary Council Meeting on 26 April 2007

DETAIL

Mindarie Regional Council has increased its staff component in line with increase in work function of the Council. The current Administration Building is supporting the accommodation of staff as follows:

- CEO – own office
- Manager Finance & Business Services – own office
- Finance Officers x 2 – share an office (suitable for only one officer)
- Administration Services Coordinator, Governance Officer and Records Officer share an office located with records compactus and server
- Project Manager and Senior Finance Officer share an office
- Operations Manager – located in small area in Weighbridge building

Existing Arrangements – Shortcomings

- A compromised work environment exists for the Administration Services Coordinator, as position is located with support staff
- 2 Finance Officers sharing one office which is restricting movement and reducing accessibility of office by other staff
- Existing accommodation for the Operations Manager is considered unsatisfactory
- Parking associated with existing administration facility is unsatisfactory, with some safety concerns. Car parking does not currently allow for visitors, consultants, contractors to park in administration car park if full contingent of office staff/Management are on-site
- Existing toilet facilities are inadequate

A CONCEPT FOR IMPROVEMENT

The key characteristics of the building are as follows:

- The layout is based on assessment in detail of the functional requirements of the Council and the processes which will occur in the building
- The records area will house the Governance Officer and the Records Officer in such a way as to allow for natural light and the relocation of server to reduce environmental noise and heat
- Relocation of Operations Manager to main Administration Building
- Increase in car parking space in line with increase in staffing
- Allocation of individual offices for key personnel
- Increase in toilet facilities for staff

Council, at its Ordinary Council Meeting on 6 July 2006 endorsed the 2006/2007 budget, which included an amount of $348,000 for an extension of the Administration Block to cover a shortfall in accommodation in view of the increased staffing.

Palassis Architects developed preliminary drawings of the proposed extensions. These drawings, once reviewed by the MRC Management Team, were forwarded to a Quantity Surveyor to provide an assessment on current market trends and a more indicative costing. Attachment One provides a proposed drawing of the Administration Office Extensions. Attachment Two contains the Quantity Surveyors report on the proposed extension.

The Quantity Surveyor has provided the following indicative estimates in relation to the proposed extension:

1	Alterations to existing building	$36,869
2	New Extension	$374, 056
3	External Works	$79,064
	NET PROJECT COST	**$489,989**
	Construction Contingency – 10%	$49,000
	Client Contingency, Relocation Costs and Disbursements	$24,000
	Loose Furniture & Equipment	$45,050
	Professional Fees and Disbursements	$75,000
	Escalation Base Date	$42,000
	ESTIMATED TOTAL COMMITMENT	**$725,039**
	GST	$72,504

This estimate is considerably higher than that which Council had approved in Budget 2006/2007.

STATUTORY ENVIRONMENT

The project will require the appropriate approvals from the responsible Local Government and from the Department Environment & Conservation.

POLICY IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

The construction of a new administration capability at Tamala Park will enable the administration to function in accordance with best appropriate practice, in the pursuit of the business of the Council.

FINANCIAL IMPLICATIONS

The indicative cost of the project is $725,039 and provision will be within the context of the 2007/2008 budget for the execution of this work should Council approve the concept.

COMMENT

The existing accommodation arrangements for administrative staff of the Mindarie Regional Council are considered to be unsatisfactory, particularly in light of the recruitment of several staff based at Tamala Park. Moreover, there is a likelihood of increased activity, particularly as a result of activities approved in our Strategic Plan, which includes initiatives such as promotion of the business.

TECHNCIAL WORKING GROUP – 13 APRIL 2007

Nil Discussion.

RECOMMENDATION

That Council approve the extension of the Tamala Park administration building, at an indicative cost of $725,039 plus GST with expenditure in financial year 2007/2008.

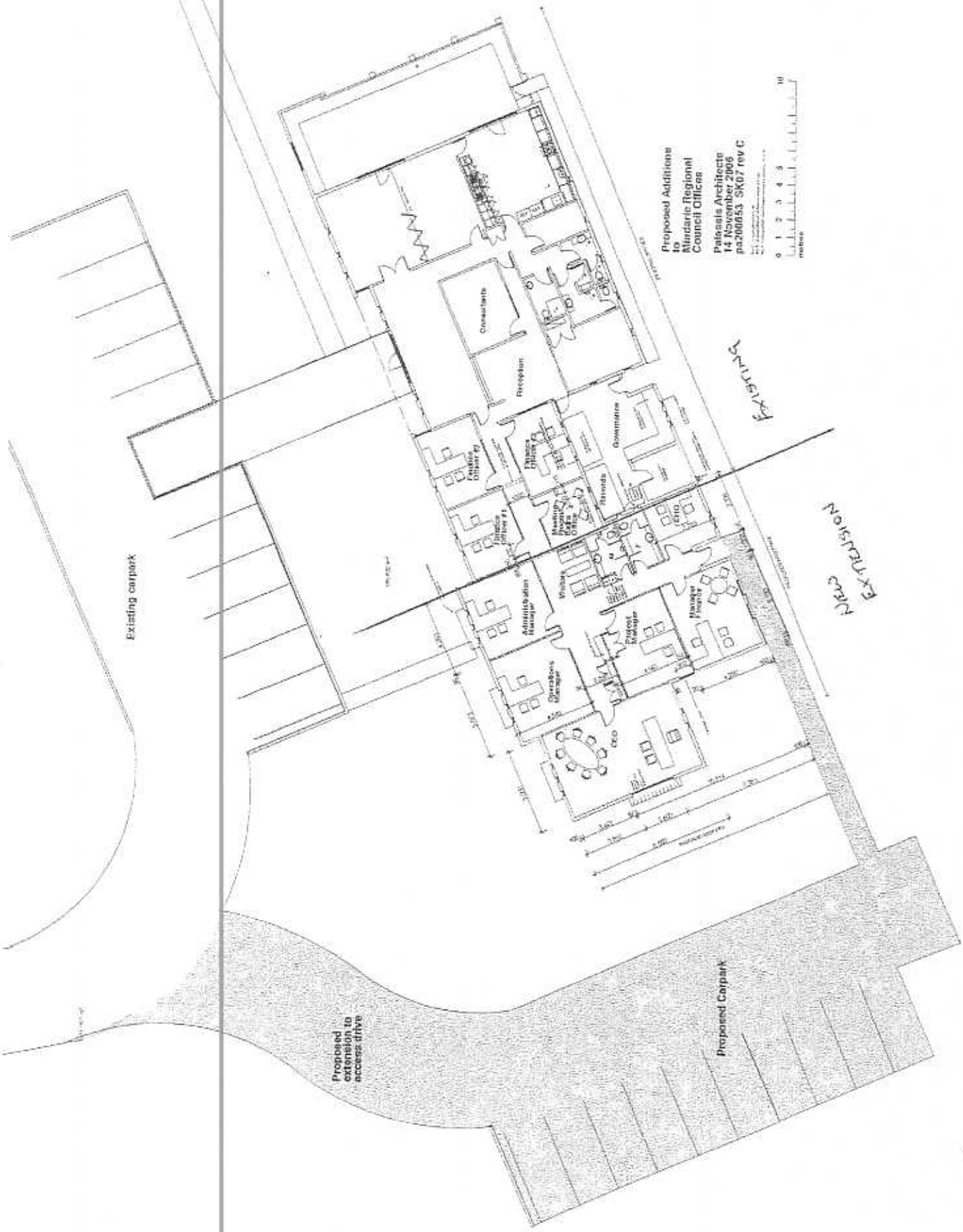
ATTACHMENT ONE

TO ITEM 9

TECHNICAL WORKING GROUP MEETING

13 APRIL 2007

PROPOSED DRAWING – ADMINISTRATION OFFICE EXTENSIONS


Proposed Additions to Mindarie Regional Council Offices
Palassis Architects
14 November 2006
pa200653 SK07 rev C
Existing
Existing
Existing carpark
Consultants
Reception
Finance Officer
Finance Officer
Finance Officer
Governance
Records
Meeting Room
Kitchen
Administration Manager
Operations Manager
Project Manager
Planning Officer
Proposed extension to access drive
Proposed Carpark

ATTACHMENT TWO

TO ITEM 9

TECHNICAL WORKING GROUP MEETING

13 APRIL 2007

QUANTITY SURVEYOR REPORT

Turner & Townsend Rawlinsons

Construction and Management Consultants

Level 5
London House
216 St Georges Tce
Perth WA 6000

t: +61 (0)8 9322 2999
f: +61 (0)8 9322 2302

e: perth@turnsown.com.au
w: turnerandtownsend.com

11 December 2006

Palassis Architects
353 Rokeby Road
Subiaco WA 6008

For the attention of Christopher Paterson

Dear Chris

Mindarie Council Offices Extension

We have completed our assessment of cost for the above project which totals **$725,000** excluding GST

Our assessment is based on drawings SK 07 rev C and a drawing of the existing. Please note the exclusions shown at the bottom of the summary

We trust that this meets with your needs and attach a copy of our assessment for your information.

Ian Dunlop
Principal
Turner & Townsend Rawlinsons

Encls.

6067 Covering Letter.doc

Turner & Townsend Rawlinsons Pty Limited
Registered Office: Level 8, 167 Eagle Street, Brisbane Qld 4000 ABN 84 115 688 830

Mindarie Council Offices Extension

Turner & Townsend Rawlinsons

Cost Indication

Item	Description	Floor area	$/m2	$ Cost
1	Alterations to existing			36,869
2	New Extension	186	2,011.05	374,056
3	External Works			79,064
		Net Project Cost		489,989
	Construction Contingency	10%		49,000
	Client Contingency, Relocation Costs and Disbursements	5%		24,000
	Land Costs (if applicable)			Excluded
	Loose Furniture and Equipment			45,050
	Professional Fees and Disbursements	14%		75,000
	GROSS PROJECT COST (At Current Prices)			683,039
	Escalation Base Date	Dec-06	186.50	42,000
	Escalation Tender Date	Jun-07	198.00	
	ESTIMATED TOTAL COMMITMENT			725,039
	Goods and Services Tax			72,504

Exclusions

Escalation beyond a tender date of June 2007
Tenant equipment such as computers etc
Authority headworks charges if applicable
Diversion of existing services if required
Land costs

6067 Cost Indication 06 12 11.xls Summary

11/12/2006 5:50 PM Page 1

Elemental Detail

Project: Mindarie Regional Council Offices
Building: Mindarie Regional Council Offices
Details: Alterations
Cost Details

Code	Description	Quantity	Unit	Rate	Total
ar1	Take down existing rainwater head and associated down pipe complete and make good	2	No	450.00	900
ar2	Take out existing window approximately 400 x 1200mm and make good opening	2	No	400.00	800
ar3	Take down existing corridor walls and reconstruction to create a wider corridor (assumes that existing walls are non load bearing	51	m2	199.00	10,149
ar4	Operable wall 2700mm high including provision for structural support	6	m	1,600.00	9,600
ar5	Relocate existing compactus unit	2	No	650.00	1,300
ar6	Encase existing downpipe including boxing in on two sides with stud framing clad with painted gyproc	6	m2	120.00	720
ar7	Allow for alterations to security system		item		3,000
ar8	Take out existing door and set aside for reusue in CEO office	1	No	300.00	300
ar9	Credit against new door allowance for CEO door	1	No	200.00	200
ar10	Remove existing windows and set aside glass and frames for re-use	3	No	250.00	750
ar11	Take from store and re-install window including all necessary patching and making good	3	No	300.00	900
ar12	Modify existing desk and reinstall in new location	1	No	750.00	750
ar13	Relocate existing file server including associated communications alterations	1	No	1,500.00	1,500
	Allowance for Preliminaries				8,000
					36,869

GFA: 186.00 m2

Elemental Summary

Project: Mindarie Regional Council Offices
Building: Mindarie Regional Council Offices
Details: Building Extention

Code	Description	$/m2	Total	% Cost
SB	Substructures	172.26	32,040	8.57
CL	Columns	12.00	2,232	0.60
UF	Upper Floors	0.00	Excluded	0.00
SC	Staircase	0.00	Excluded	0.00
RF	Roof	220.43	41,000	10.96
EW	External Walls	376.32	69,996	18.71
WW	Windows	44.89	8,350	2.23
ED	External Doors	4.03	750	0.20
NW	Internal Walls	71.29	13,260	3.54
NS	Internal Screens	16.67	3,100	0.83
ND	Internal Doors	42.20	7,850	2.10
WF	Wall Finishes	118.15	21,976	5.88
FF	Floor Finishes	63.23	11,760	3.14
CF	Ceiling Finishes	46.29	8,610	2.30
FT	Fitments	30.70	5,710	1.53
SE	Special Equipment	7.53	1,400	0.37
SF	Sanitary Fixtures	61.29	11,400	3.05
PD	Plumbing and Drainage	27.42	5,100	1.36
WS	Water Supply	23.39	4,350	1.16
GS	Gas Service	0.00	Excluded	0.00
SH	Space Heating	0.00	Excluded	0.00
VE	Ventilation	5.48	1,020	0.27
EC	Evap Cooling	0.00	Excluded	0.00
AC	Air Conditioning	233.87	43,500	11.63
FP	Fire Protection	12.00	2,232	0.60
LP	Light and Power	120.00	22,320	5.97
CM	Communications	34.95	6,500	1.74
TS	Transportation Systems	0.00	Excluded	0.00
XP	Site Preparation	19.35	3,600	0.96
PR	Preliminaries	247.31	46,000	12.30
	Total Cost for New Extension	2,011.05	374,056	100.0

Elemental Detail

Project: Mindarie Regional Council Offices
Building: Mindarie Regional Council Offices
Details: Building Extention

Code	Description	Quantity	Unit	Rate	Total
1	**Substructures**				
sb1	Ground slab 100mm thick including membrane formwork and mesh reinforcement	186	m2	65.00	12,090
sb2	Strip footing 1200 x 500mm including formwork and mesh reinforcement	57	m	350.00	19,950
	Substructures				32,040
2	**Columns**				
cl1	Allowance for columns based on elemental floor area	186	m2	12.00	2,232
	Columns				2,232
3	**Roof**				
rf1	Steel framed roof clad with colorbond including insulation (Plan area plus 10% for eaves and canopies)	205	m2	165.00	33,825
rf1	Allowance for rainwater disposal	205	m2	35.00	7,175
	Roof				41,000
4	**External Walls**				
ew1	Pre cast concrete 100mm thick external wall with high build masonry paint externally and lined internally with insulation steel stud framing and layer of 10mm plasterboard with paint finish internally	228	m2	307.00	69,996
	External Walls				69,996
5	**Windows**				
ww1	Aluminium framed commercial glazed windows - single grazed 350 x 900mm	13	No	350.00	4,550
ww2	Window blinds				0
ww3	Vertical aluminium window louvre sunscreening to western facade 2600 x 2100mm	1	No	3,800.00	3,800
	Windows				8,350
6	**External Doors**				
ed1	External quality single door and frame complete with hardware and paint finish	1	No	750.00	750
	External Doors				750
7	**Internal Walls**				
iw1	90mm Masonry wall	204	m2	65.00	13,260
	Internal Walls				13,260
8	**Internal Screens**				
ns1	Laminate faced toilet partition screen including door hardware and all accessories to suit one cubicle	2	No	1,200.00	2,400
ns2	Privacy screen laminate faced 900 x 2100mm	2	No	350.00	700
	Internal Screens				3,100
9	**Internal Doors**				
id1	Solid core internal door and frame including hardware and paint	7	No	650.00	4,550
id2	Pair solid core doors and frame including hardware and paint	3	No	1,100.00	3,300

Elemental Detail

Project: Mindarie Regional Council Offices
Building: Mindarie Regional Council Offices
Details: Building Extention

Code	Description	Quantity	Unit	Rate	Total
9	Internal Doors				(Continued)
nd3	Fire door and frameincluding hardware and paint				Excluded
	Internal Doors				7,850
10	Wall Finishes				
wf1	Plaster and paint face of masonry walls	320	m2	47.00	15,040
wf2	Cermaic wall tiling PC $45/m2 on and including render tile backing	68	m2	102.00	6,936
	Wall Finishes				21,976
11	Floor Finishes				
ff1	Ceramic floor tiling PC $45/m2 on and including screed laid to falls	12	m2	110.00	1,320
ff2	Carpet finish to floor including underlay	174	m2	60.00	10,440
	Floor Finishes				11,760
12	Ceiling Finishes				
cf1	Flush plasterboard ceiling on and including concealed suspension system with paint finish	12	m2	65.00	780
cf2	Prefinished acoustile tile ceiling 1200 x 400mm on and including powder coated exposed suspension system	174	m2	45.00	7,830
	Ceiling Finishes				8,610
13	Fitments				
ft1	Vanity bench unit 500mm wide with laminate finish and recess for vanity basin	6	m	450.00	2,700
ft2	Kitchenette bench unit 600mm wide with laminate finish and cupboards under	1	m	650.00	650
ft3	Overhead cupboard unit 300mm deep	1	m	500.00	500
ft4	Display shelving unit 450mm wide with 5No shelves	2	m	450.00	900
ft5	Fixed shelving 5 No to stationery store cupboard with laminate finish	3	m	320.00	960
	Fitments				5,710
14	Special Equipment				
se1	Fridge unit	1	No	900.00	900
se2	Allowance for toilet fixtures to male and female toilets comprising toilet roll holders soap dispensers coat hooks and the like	1	Item	500.00	500
se3	Microwave unit to kitchenette recess				Excluded
	Special Equipment				1,400
15	Sanitary Fixtures				
sf1	WC complete with cistern seat and all connections to services	2	No	1,550.00	3,100
sf2	Kitchen sink complete with tapware and connections	1	No	1,350.00	1,350
sf3	Vanity basin including tapware and connections	2	No	1,050.00	2,100
sf4	Urinal complete with cistern and connections	1	No	1,850.00	1,850
sf5	Chilled and boiled water dispensing unit including connections	1	No	3,000.00	3,000

Elemental Detail

Project: Mindarie Regional Council Offices
Building: Mindarie Regional Council Offices
Details: Building Extention

Code	Description	Quantity	Unit	Rate	Total
15	Sanitary Fixtures				
	Sanitary Fixtures				(Continued)
16	Plumbing and Drainage				11,400
pd1	WC plumbing services including allowance for pipework to the external wall of the building	2	No	950.00	1,900
pd2	Kitchen sink plumbing up to external wall of the building	1	No	750.00	750
pd3	Vanity basin plumbing up external wall of the building	2	No	750.00	1,500
pd4	Urinal pipework to the external wall of the building	1	No	950.00	950
	Plumbing and Drainage				5,100
17	Water Supply				
ws1	Cold Water supply per point	6	No	350.00	2,100
ws2	Hot water supply per point	3	No	750.00	2,250
	Water Supply				4,350
18	Ventilation				
ve1	Ventilation to toilet area	12	m2	85.00	1,020
	Ventilation				1,020
19	Air Conditioning				
ac1	Ducted Airconditioning to office area	174	m2	250.00	43,500
	Air Conditioning				43,500
20	Fire Protection				
fp1	Fire protection hydrants hose reels and hand held extinguishers only - elemental rate	186	m2	12.00	2,232
	Fire Protection				2,232
21	Light and Power				
lp1	Allowance for light and power elemental rate	186	m2	120.00	22,320
	Light and Power				22,320
22	Communications				
cm1	Allowance for connecting data to the the existing building services and associated reticulation	1	Item	6,500.00	6,500
	Communications				6,500
23	Site Preparation				
xp1	Prepare site over footprint of the Extension by removing planting and debris or the like	200	m2	3.00	600
xp2	Bulk excavation or filling to achieve the required starting level (average 500mm plus or minus)	100	m2	30.00	3,000
	Site Preparation				3,600

Elemental Details

Project: Mindarie Regional Council Offices
Building: Mindarie Regional Council Offices
Details: External Works

Code	Description	Quantity	Unit	Rate	Total
xp1	Allowance for Site Preparation to external areas	750	m2	5.00	3,750
xr1	Roads and car parking and footpaths	494	m2	50.00	24,700
xr2	kerbing	173	m	18.00	3,114
xl1	Allowance for Landscaping & Improvements		item	10,000.00	10,000
xx1	Alterations and connection to existing systems		item	4,000.00	4,000
xd1	Alterations and connection to existing systems		item	8,000.00	8,000
xw1	Alterations and connection to existing systems		item	2,500.00	2,500
xe1	Alterations and additions to the existing		item	10,000.00	10,000
xc1	Alterations and additionsd to the existing		item	3,000.00	3,000
pr1	Preliminaries allowance	1	item	10,000.00	10,000
					79,064

GFA: 186.00 m2

Elemental Detail

Project: Mindarie Regional Council Offices
Building: Mindarie Regional Council Offices
Details: Fitout

Code	Description	Quantity	Unit	Rate	Total
ft1	Visitors Chair	12	No	400.00	4,800
ft2	Task Chair	5	No	450.00	2,250
ft3	CEO Chair	1	No	1,200.00	1,200
ft4	Meeting room chair	4	No	450.00	1,800
ft5	Boardroom table	1	No	3,500.00	3,500
ft6	Coffee table	1	No	1,200.00	1,200
ft7	Soft lounge chair	4	No	1,500.00	6,000
ft8	Workstation including pedestal	5	No	2,700.00	13,500
ft9	CEO Workstation including pedestal	1	No	3,500.00	3,500
ft10	Boardroom chairs	8	No	600.00	4,800
ft11	Allowance for pin boards and white boards	1	item	2,500.00	2,500
	GFA: 0.00 m2				45,050

ITEM 9.2.1 **FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 JANUARY 2007 AND 28 FEBRUARY 2007**

File No: **FIN/5-02**

Attachment(s): **1. Financial Statement for the period ended 31 January 2007**
2. Financial Statement for the period ended 28 February 2007

Author: **Kalwant Dhillon**

SUMMARY

The purpose of this report is to provide financial reporting to meet statutory requirements and to provide useful information to stakeholders of the Council.

BACKGROUND

Financial Statements as at 31 January 2007 and 28 February 2007 are attached and show separate columns for Actual and Adopted Budget figures.

Reporting requirements are defined by regulations 34 and 35 of the Local Government (Financial Management) Regulations 1996. There is scope in these regulations to provide other reporting that the Local Government considers appropriate.
The financial statements presented for each month consist of:

- Operating Statement by Nature
- Operating Statement by Function
- Statement of Financial Position
- Statement of Investing Activities

DETAIL

The reports attached are for the months ended 31 January 2007 and 28 February 2007 and are at Attachments One and Two to this Item.

- **Statement of Income and Expenditure**. Pages 2 to 3 of the Attachment. These statements have been adjusted to include a number of year-to-date estimates that are not finalised until the end of the financial year. These are as follows:
  - Deferred Excavation Consumed
  - Site Rehabilitation Provision
  - Site Monitoring Provision

These are based on the estimated rates per tonne calculated with reference to estimated excavation cost of various stages of the landfill and the life of the landfill. An adjustment is made (if necessary) at the end of the year based on a survey carried out to assess the "air space" remaining.

- **Operating Statements by Function and Type.** At page 4 of the Attachment. These show a summary of operating income and expenditures. The Operating Statement by Function may be useful to the reader as a snapshot of the business operations

A complete suite of Financial Statements including Operating Statement and Statement of Financial Position are reported on a monthly basis and include accruals that may be based on estimates to provide meaningful reporting to stakeholders. These reports are at Attachment One and Two to this Item.

RECOMMENDATION

That the Financial Statements as attached at Attachment One and Two for the months ended 31 January 2007 and 28 February 2007 be noted.

ATTACHMENT ONE

TO ITEM 9.2.1

ORDINARY COUNCIL MEETING

26 APRIL 2007

FINANCIAL STATEMENTS FOR THE PERIODS ENDED
31 JANUARY 2007

Mindarie Regional Council

Financial Statements

to the month ended

31/01/2007

(Notes to Variances)

Mindarie Regional Council
OPERATING STATEMENT
BY NATURE AND TYPE
to the month ended 31 January 2007

	2006/07 Adopted Budget	2006/07 Revised Budget	2006/07 Revised Budget YTD 31/01/2007	2006/07 Current Year Actual to 31/01/2007	% Variance Actual to YTD Budget at 31/01/2007	$ Variance Actual to YTD Budget at 31/01/2007	Refer to Note
Revenues from Ordinary Activities							
User Charges							
User Charges - City of Perth	703,200	703,200	410,200	402,348			
User Charges - City of Wanneroo	2,812,400	2,812,400	1,640,567	1,788,704			
User Charges - City of Joondalup	3,208,350	3,208,350	1,871,538	1,837,105			
User Charges - City of Stirling	3,901,000	3,901,000	2,275,883	2,223,194			
User Charges - Town of Cambridge	527,400	527,400	307,650	298,427			
User Charges - Town of Vincent	615,300	615,300	358,925	342,917			
User Charges - Town of Victoria Park	571,350	571,350	333,288	330,224			
Total Member User Charges	12,339,000	12,339,000	7,197,760	7,222,919	100%	-25,159	
User Charges - City of South Perth	98,775	98,775	57,618	200,786	348%	-143,087	
User Charges - Casual Tipping Fees	3,536,171	3,536,171	2,062,766	1,692,854	82%	369,913	Note 1
Total User Charges	**15,973,946**	**15,973,946**	**9,318,135**	**9,116,478**	**98%**	**201,657**	
Service Charges							
Sale of Recyclable Material	260,000	260,000	151,667	185,253	122%	-33,587	
Sale of Limestone	10,000	10,000	5,833	37,644	645%	-31,811	
Grants & Subsidies	10,000	10,000	5,833	5,246	90%	588	Note 2
Contributions, Reimbursements & Donations	2,000	2,000	1,167	2,471	212%	-1,304	
Interest Earnings	20,000	20,000	11,667	115,108	987%	-103,441	
Other Revenue	478,000	478,000	278,833	322,088	116%	-43,254	
	16,753,946	**16,753,946**	**9,773,135**	**9,784,287**	**100%**	**-11,152**	
Expenses from Ordinary Activities							
Employee Costs	3,007,622	3,007,622	1,757,517	1,558,860	87%	228,657	
Materials & Contracts							
Consultants and Contract Labour	517,000	517,000	301,583	353,451	117%	-51,868	Note 3
Communications and Public Consultation	465,000	465,000	271,250	98,989	36%	172,261	
Landfill Expenses	692,558	692,558	418,575	347,701	83%	70,874	
DEP Landfill Levy	1,850,000	1,850,000	1,079,167	929,436	86%	149,730	
Clay Liner	50,000	50,000	29,167	1,958	7%	27,208	
Land Lease / Rental	525,000	525,000	306,250	299,543	98%	6,707	
Office Expenses	327,000	423,000	190,750	228,912	120%	-38,162	Note 4
Maintenance Buildings and Equipment	377,900	302,900	207,942	89,271	43%	118,670	
Plant & Equipment Operating and Hire	858,500	819,500	490,792	342,680	70%	148,111	
Utilities	35,000	35,000	20,417	0	0%	20,417	
Depreciation non Current Assets	1,104,577	1,104,577	644,337	486,422	75%	157,915	
Interest Expenses	1,230,691	1,230,691	750,095	641,235	85%	108,860	
Insurance	113,430	113,430	112,597	107,508	95%	5,089	
Other Expenditure							
Members Costs	113,890	113,890	66,436	16,926	24%	50,510	
Administration	107,000	117,500	62,417	42,254	68%	20,162	
Excavation Amortised	3,053,571	3,053,571	1,781,250	1,781,250	100%	0	
Other Expenditure	49,000	49,000	28,583	0	0%	28,583	
	14,477,739	**14,470,239**	**8,549,123**	**7,325,398**	**86%**	**1,223,725**	
Profit on Sale of Asset	2,749	2,749	2,749	5,988	218%	-3,239	
Loss on Sale of Assets	14,843	14,843	8,658	0	0%	8,658	
Changes in Net Assets Resulting from Operations	**2,264,113**	**2,271,613**	**1,218,103**	**2,464,878**	**202%**	**-1,246,775**	

NOTES FOR VARIATIONS - OPERATING STATEMENT BY NATURE AND TYPE

Note #	Description of Item	Nature of Variance where actual is 10% or $5,000 from YTD Budget
Note 1	User Charges - Casual Tipping Fees	Reduction due to lower tonnages (approximately 4,000 tonnes for the first six months) resulting from gate fees increase from $57 to $77.
Note 2	Grants & Subsidies	Slightly down on budget. Expected to achieve the budget for the year.
Note 3	Consultants and Contract Labour	This is resulting from interim arrangements whilst permanent staff were being employed, as part of the restructure in the administration and operation areas. This will ease in the second half and is expected to be on budget.
Note 4	Office Expenses	Mainly due to higher cost of TRIM support associated with changes of staff and change of service provider.

Mindarie Regional Council
OPERATING STATEMENT BY FUNCTION
to the month ended 31 January 2007

	Ref to Note	2006/07 Adopted	2006/07 Revised Budget	2006/07 Revised Budget YTD 31/01/2007	2006/07 Current Year Actual to 31/01/2007	% Variance Actual to YTD Budget at 31/01/2007	$ Variance Actual to YTD Budget at 31/01/2007
REVENUES FROM ORDINARY ACTIVITIES							
Governance		0	0	0	0	0%	0
General Purpose Funding		0	0	0	0	0%	0
Housing		0	0	0	0	0%	0
Community Amenities		16,698,695	16,698,695	9,742,051	9,760,048	100%	17,997
Other Property and Services		58,000	58,000	33,833	30,228	89%	-3,606
Total Operating Revenues		16,756,695	16,756,695	9,775,884	9,790,276	100%	14,392
EXPENSES FROM ORDINARY ACTIVITIES							
Governance		889,640	900,140	522,186	344,203	66%	-177,983
General Purpose Funding		0	0	0	0	0%	0
Housing		0	0	0	5,835	0%	5,835
Community Amenities		13,602,942	13,584,942	8,035,595	6,495,296	81%	-1,540,299
Other Property and Services		0	0	0	480,064	0%	480,064
Total Operating Expenses		14,492,582	14,485,082	8,557,781	7,325,398	86%	-1,232,383
CHANGE IN NET ASSETS FROM OPERATIONS		2,264,113	2,271,613	1,218,103	2,464,878	202%	1,246,775

Mindarie Regional Council
STATEMENT OF FINANCIAL POSITION
to the month ended 31 January 2007

	Note	Actuals 2006/07	Movements 2006/07	Actuals 2005/06
Current Asset				
Cash		3,280,315	2,365,008	915,307
Investments		1,725,310	-57,290	1,782,601
Debtors		2,842,946	586,148	2,256,798
Stock		6,992	-10,260	17,252
Other Current Assets		592,949	287,480	305,469
Total Current Assets		**8,448,512**	**3,171,086**	**5,277,427**
Current Liabilities				
Creditors		95,176	-68,013	163,189
Provisions		297,595	7,790	289,805
Loans, Leases, Overdrafts		803,183	-806,292	1,609,474
Accruals		876,508	-659,765	1,536,272
Other Current Liabilities		423,351	96,220	327,131
Total Current Liabilities		**2,495,812**	**-1,430,060**	**3,925,872**
NET CURRENT ASSETS		**5,952,700**	**4,601,145**	**1,351,555**
Non-Current Assets				
Land		3,718,127	0	3,718,127
Buildings & Improvements		1,303,776	-133,667	1,437,443
Furniture & Equipment		77,610	-4,001	81,611
Plant & Equipment		2,013,951	-246,404	2,260,355
Infrastructure		496,074	55,794	440,280
Excavation Work		20,059,753	6,239,053	13,820,701
Resource Recovery Facility		3,704,509	1,453,133	2,251,376
Total Non-Current Assets	9	**31,373,800**	**7,363,907**	**24,009,893**
Non-Current Liabilities				
Provisions		4,786,172	579,351	4,206,821
Loan Liability		20,487,636	8,920,823	11,566,812
Other Non-Current Liabilities		0	0	0
Total Non-Current Liabilities		**25,273,807**	**9,500,174**	**15,773,633**
NET ASSETS		**12,052,693**	**2,464,878**	**9,587,815**
Equity				
Reserves		138,149	0	138,149
Capital Contribution by Constituent Councils		1,645,726	0	1,645,726
Accumulations		10,268,817	2,464,878	7,803,939
Total Equity		**12,052,693**	**2,464,878**	**9,587,815**

Mindarie Regional Council
STATEMENT OF INVESTING ACTIVITIES
to the month ended 31 January 2007

	Adopted Budget	Revised Budget	Current Year Actual to 31/01/2007	% Variance Actual to Total Budget at 31/01/2007	$ Variance Actual to Total Budget at 31/01/2007	Refer to Note
Additions						
PLANT AND EQUIPMENT						
Plant and Vehicles						
Caterpillar 966F Front Loader	480,000	477,000	0	0%	477,000	
Caterpillar 950F Wheel Loader	450,000	477,000	0	0%	477,000	
Toyota Utility	33,000	33,000	31,446	95%	1,554	
Toyota Utility Conversion and Tools	10,000	10,000	7,890	79%	2,110	
	963,000	**997,000**	**39,336**			
Equipment						
Breath Analyser / Phone System	2,000	5,900	0	0%	5,900	
Hydraulic Press	7,500	7,500	0	0%	7,500	
Fire Hose Reels to Recycling Centre (x3)	5,000	5,000	0	0%	5,000	
Noise Assessment Meter / Total Station Survey Syst	4,500	6,500	0	0%	6,500	
Water Tank for Wanneroo wastewater treatment works	3,000	3,000	2,807	94%	193	
	22,000	**27,900**	**2,807**	**10%**	**25,093**	
Computer and Office Equipment						
Security Upgrade	5,000	5,000	0	0%	5,000	
Shelving	10,000	10,000	0	0%	10,000	
Purchase / Replacement of Computer and Office Equipment	67,000	67,000	17,378	26%	49,622	
	82,000	**82,000**	**17,378**	**21%**	**64,622**	
Building						
Toilet Facility for Transfer Station	22,500	22,500	0	0%	22,500	
Extension of Administration Block	348,000	348,000	0	0%	348,000	
	370,500	**370,500**	**0**	**0%**	**370,500**	
INFRASTRUCTURE						
Communications						
Fibre Optic cable to Workshop				0%	0	
Power Line to Recycling Centre drop off area	17,000	17,000	15,990	94%	1,010	
	5,000	0	0	0%	0	
	22,000	**17,000**	**15,990**	**94%**	**1,010**	
Operations				0%	0	
Replace Leachate Irrigation system in Phase 1	10,000	10,000	10,550	105%	-550	
Washdown facility waste water treatment works	42,000	42,000	36,857	88%	5,143	
Upgrade Washdown bay pump system	5,000	5,000	0	0%	5,000	
	57,000	**57,000**	**47,407**			
Bush Forever Rehabilitation						
Bush Forever Rehabilitation	75,000	75,000	37,622	50%	37,378	
Bush Forever Rehabilitation - Supervision	20,000	20,000	1,423	7%	18,577	
Bush Forever Rehabilitation - Regeneration	20,000	20,000	1,018	5%	18,982	
Project Management	5,000	5,000	0	0%	5,000	
	120,000	**120,000**	**40,074**			
Resource Recovery Facility						
Legal Fees	320,000	1,075,760	574,313	53%	501,447	
Financial and Probity Fees	45,000	51,609	27,964	54%	23,646	
Insurance Review & Other	15,000	63,261	13,000	21%	50,261	
Project / Cost Management (JV)	260,000	488,721	398,689	82%	90,032	
Community Consultation	20,000	65,988	22,540	34%	43,448	
Project Manager and Tender Evaluation	30,000	59,881	27,354	46%	32,527	
Environmental Approval	15,000	15,000	0	0%	15,000	
RRF Infrastructure	200,000	200,000	389,274	195%	-189,274	
	905,000	**2,020,441**	**1,453,133**	**72%**	**567,308**	
Landfill Excavation						
Stage 2 Phase 2 (East) Excavation	25,000	25,000	1,625,292	6501%	-1,600,292	
Stage 2 Phase 2 (East) Lining	2,200,000	2,200,000	2,097,335	95%	102,666	
Stage 2 Phase 2 (West) Excavation	5,400,000	5,400,000	3,637,005	67%	1,762,995	
Stage 2 Phase 2 (West) Lining	2,400,000	2,400,000	0	0%	2,400,000	
Supervision	70,000	70,000	73,959	106%	-3,959	
Project Management	20,000	20,000	9,070	45%	10,931	
Sitework Survey etc	5,000	5,000	27	1%	4,973	
	10,120,000	**10,120,000**	**7,442,687**	**74%**	**2,677,313**	
	12,661,500	**13,611,841**	**9,038,812**			
Disposals						
Trade In Caterpillar 966	(380,160)	(140,000)	0	0%	-140,000	
Trade In Caterpillar 950	(295,660)	(133,000)	0	0%	-133,000	
Trade In Toyota HiLux	(19,668)	(11,000)	(19,668)	179%	8,668	Note 1
	(704,498)	**(284,000)**	**(19,668)**			
Total Movement Non Current Assets	**11,957,002**	**13,327,841**	**9,039,144**			

NOTES FOR VARIATIONS - INVESTMENT ACTIVITIES
for the month ended 31/01/2007

Note #	Description of Item	Nature of Variance where Actual is 10% or $5,000 over Total Budget
	Disposals	
Note 1	Trade in Toyota HiLux	Budget is on pro-rated whilst the full transaction has been realised.

ATTACHMENT TWO

TO ITEM 9.2.1

ORDINARY COUNCIL MEETING

26 APRIL 2007

FINANCIAL STATEMENTS FOR THE PERIODS ENDED
28 FEBRUARY 2007

Mindarie Regional Council

Financial Statements

to the month ended

28/02/2007

(Notes to Variances)

Mindarie Regional Council
OPERATING STATEMENT
BY NATURE AND TYPE
to the month ended 28 February 2007

	2006/07 Adopted Budget	2006/07 Revised Budget	2006/07 Revised Budget YTD 28/02/2007	2006/07 Current Year Actual to 28/02/2007	% Variance Actual to YTD Budget at 28/02/2007	$ Variance Actual to YTD Budget at 28/02/2007	Refer to Note
Revenues from Ordinary Activities							
User Charges							
User Charges - City of Perth	793,200	793,200	466,800	460,211			
User Charges - City of Wanneroo	2,812,400	2,812,400	1,874,933	2,015,831			
User Charges - City of Joondalup	3,208,850	3,208,850	2,138,900	2,087,089			
User Charges - City of Stirling	3,901,000	3,901,000	2,600,667	2,567,791			
User Charges - Town of Cambridge	527,400	527,400	351,600	330,928			
User Charges - Town of Vincent	615,300	615,300	410,200	389,000			
User Charges - Town of Victoria Park	571,350	571,350	380,900	373,252			
Total Member User Charges	12,339,000	12,339,000	8,220,000	8,224,191	100%	1,800	
User Charges - City of South Perth	98,775	98,775	65,850	225,941	343%	-160,091	
User Charges - Casual Tipping Fees	3,536,171	3,536,171	2,357,447	1,903,913	81%	453,534	Note 1
Total User Charges	**15,973,946**	**15,973,946**	**10,649,297**	**10,354,045**	**97%**	**295,253**	
Service Charges							
Sale of Recyclable Material	260,000	260,000	173,333	219,063	126%	-45,730	
Sale of Limestone	10,000	10,000	6,667	39,371	591%	-32,704	
Grants & Subsidies	10,000	10,000	6,667	5,246	79%	1,421	Note 2
Contributions, Reimbursements & Donations	2,000	2,000	1,333	2,471	185%	-1,137	
Interest Earnings	20,000	20,000	13,333	131,498	986%	-118,165	
Other Revenue	478,000	478,000	318,667	322,088	101%	-3,421	
	16,753,946	16,753,946	11,169,297	11,073,781	99%	95,516	
Expenses from Ordinary Activities							
Employee Costs	3,007,622	3,007,622	2,030,536	1,785,743	88%	244,795	
Materials & Contracts							
Consultants and Contract Labour	517,000	517,000	344,667	377,817	110%	-33,151	Note 3
Communications and Public Consultation	465,000	465,000	310,000	101,162	33%	208,838	
Landfill Expenses	692,558	692,558	473,372	428,696	91%	44,676	
DEP Landfill Levy	1,850,000	1,850,000	1,233,333	1,184,358	96%	48,976	
Clay Liner	50,000	50,000	33,333	1,958	6%	31,375	
Land Lease / Rental	525,000	525,000	350,000	343,938	98%	6,062	
Office Expenses	427,000	423,000	314,000	247,282	79%	66,718	
Maintenance Buildings and Equipment	377,900	302,900	226,933	104,927	46%	122,007	
Plant & Equipment Operating and Hire	858,500	819,500	553,333	435,671	79%	117,662	
Utilities	35,000	35,000	23,333	6	0%	23,327	
Depreciation non Current Assets	1,104,577	1,104,577	736,385	555,058	75%	181,327	
Interest Expenses	1,230,691	1,230,691	884,321	743,033	84%	141,287	
Insurance	113,430	113,430	112,763	107,508	95%	5,255	
Other Expenditure							
Members Costs	113,890	113,890	75,927	15,926	21%	60,001	
Administration	107,000	117,500	71,333	44,560	62%	26,773	
Excavation Amortised	3,053,571	3,053,571	2,035,714	2,035,714	100%	0	
Other Expenditure	49,000	49,000	32,667	0	0%	32,667	
	14,477,739	14,470,239	9,841,953	8,513,358	87%	1,328,595	
Profit on Sale of Asset	2,749	2,749	2,749	5,988	218%	-3,239	
Loss on Sale of Assets	14,843	14,843	9,895	0	0%	9,895	
Changes in Net Assets Resulting from Operations	2,264,113	2,271,613	1,320,198	2,566,411	194%	-1,246,213	

NOTES FOR VARIATIONS - OPERATING STATEMENT BY NATURE AND TYPE

Note #	Description of Item	Nature of Variance where actual is 10% or $5,000 from YTD Budget
Note 1	User Charges - Casual Tipping Fees	Reduction due to lower tonnages (approximately 4,000 tonnes for the first six months) resulting from gate fees increase from $57 to $77.
Note 2	Grants & Subsidies	Slightly down on budget. Expected to achieve the budget for the year.
Note 3	Consultants and Contract Labour	This is resulting from interim arrangements whilst permanent staff were being employed, as part of the restructure in the administration and operation areas. This will ease in the second half and is expected to be on budget.

Mindarie Regional Council
OPERATING STATEMENT BY FUNCTION
to the month ended 28 February 2007

	Ref to Note	2006/07 Adopted	2006/07 Revised Budget	2006/07 Revised Budget YTD 28/02/2007	2006/07 Current Year Actual to 28/02/2007	% Variance Actual to YTD Budget at 28/02/2007	$ Variance Actual to YTD Budget at 28/02/2007
REVENUES FROM ORDINARY ACTIVITIES							
Governance		0	0	0	0	0%	0
General Purpose Funding		0	0	0	0	0%	0
Housing		0	0	0	0	0%	0
Community Amenities		16,698,695	16,698,695	11,133,380	11,049,542	99%	-83,838
Other Property and Services		58,000	58,000	38,667	30,228	78%	-8,439
Total Operating Revenues		16,756,695	16,756,695	11,172,046	11,079,769	99%	-92,277
EXPENSES FROM ORDINARY ACTIVITIES							
Governance		889,840	900,140	594,677	356,286	60%	-238,391
General Purpose Funding		0	0	0	0	0%	0
Housing		0	0	0	5,842	0%	5,842
Community Amenities		13,602,942	13,584,942	9,257,171	7,561,998	82%	-1,695,173
Other Property and Services		0	0	0	589,232	0%	589,232
Total Operating Expenses		14,492,582	14,485,082	9,851,848	8,513,358	86%	-1,338,490
CHANGE IN NET ASSETS FROM OPERATIONS		2,264,113	2,271,613	1,320,198	2,566,411	194%	1,246,213

Mindarie Regional Council
STATEMENT OF FINANCIAL POSITION
to the month ended 28 February 2007

	Note	Actuals 2006/07	Movements 2006/07	Actuals 2005/06
Current Asset				
Cash		5,856,889	4,941,582	915,307
Investments		1,760,174	-22,427	1,782,601
Debtors		2,397,557	140,759	2,256,798
Stock		8,191	-9,061	17,252
Other Current Assets		603,122	297,653	305,469
Total Current Assets		**10,625,933**	**5,348,507**	**5,277,427**
Current Liabilities				
Creditors		317,580	154,391	163,189
Provisions		306,953	17,148	289,805
Loans, Leases, Overdrafts		2,244,139	634,665	1,609,474
Accruals		782,013	-754,260	1,536,272
Other Current Liabilities		389,266	62,135	327,131
Total Current Liabilities		**4,039,951**	**114,079**	**3,925,872**
NET CURRENT ASSETS		**6,585,983**	**5,234,428**	**1,351,555**
Non-Current Assets				
Land		3,718,127	0	3,718,127
Buildings & Improvements		1,287,680	-149,763	1,437,443
Furniture & Equipment		75,596	-6,014	81,611
Plant & Equipment		1,974,304	-286,051	2,260,355
Infrastructure		494,622	54,342	440,280
Excavation Work		20,220,798	6,400,097	13,820,701
Resource Recovery Facility		3,496,835	1,245,460	2,251,376
Total Non-Current Assets	*9*	**31,267,963**	**7,258,070**	**24,009,893**
Non-Current Liabilities				
Provisions		4,871,287	664,466	4,206,821
Loan Liability		20,828,432	9,261,620	11,566,812
Other Non-Current Liabilities		0	0	0
Total Non-Current Liabilities		**25,699,719**	**9,926,086**	**15,773,633**
NET ASSETS		**12,154,226**	**2,566,411**	**9,587,815**
Equity				
Reserves		138,149	0	138,149
Capital Contribution by Constituent Councils		1,645,726	0	1,645,726
Accumulations		10,370,351	2,566,411	7,803,939
Total Equity		**12,154,226**	**2,566,411**	**9,587,815**

Mindarie Regional Council
STATEMENT OF INVESTING ACTIVITIES
to the month ended 28 February 2007

	Adopted Budget	Revised Budget	Current Year Actual to 28/02/2007	% Variance Actual to Total Budget at 28/02/2007	$ Variance Actual to Total Budget at 28/02/2007	Refer to Note
Additions						
PLANT AND EQUIPMENT						
Plant and Vehicles						
Caterpillar 966F Front Loader	460,000	477,000	0	0%	477,000	
Caterpillar 950F Wheel Loader	460,000	477,000	0	0%	477,000	
Toyota Utility	33,000	33,000	31,446	95%	1,554	
Toyota Utility Conversion and Tools	10,000	10,000	7,890	79%	2,110	
	963,000	997,000	39,336			
Equipment						
Breath Analyser / Phone System	2,000	5,900	0	0%	5,900	
Hydraulic Press	7,500	7,500	0	0%	7,500	
Fire Hose Reels to Recycling Centre (x3)	5,000	5,000	0	0%	5,000	
Noise Assessment Meter / Total Station Survey Syst	4,500	6,500	0	0%	6,500	
Water Tank for wash pump wastewater treatment works	3,000	3,000	2,807	94%	193	
	22,000	27,900	2,807	10%	25,093	
Computer and Office Equipment						
Security Upgrade	5,000	5,000	0	0%	5,000	
Shelving	10,000	10,000	0	0%	10,000	
Purchase / Replacement of Computer and Office Equipment	67,000	67,000	17,484	26%	49,516	
	82,000	82,000	17,484	21%	64,516	
Building						
Toilet Facility for Transfer Station	22,500	22,500	0	0%	22,500	
Extension of Administration Block	348,000	348,000	0	0%	348,000	
	370,500	370,500	0	0%	370,500	
INFRASTRUCTURE						
Communications						
Fibre Optic cable to Workshop	17,000	17,000	15,990	94%	1,010	
Power Line to Recycling Centre drop off area	5,000	0	0	0%	0	
	22,000	17,000	15,990	94%	1,010	
Operations						
Replace Leachate Reticulation system in Phase 1	10,000	10,000	10,550	105%	-550	
Washdown facility waste water treatment works	42,500	42,000	36,857	88%	5,143	
Upgrade Washdown bay pump system	5,000	5,000	0	0%	5,000	
	57,000	57,000	47,407			
Bush Forever Rehabilitation						
Bush Forever Rehabilitation	75,000	75,000	42,379	57%	32,621	
Bush Forever Rehabilitation - Supervisor	20,000	20,000	1,423	7%	18,577	
Bush Forever Rehabilitation - Regeneration	20,000	20,000	1,019	5%	18,982	
Project Management	5,000	5,000	612	12%	4,388	
	120,000	120,000	45,433			
Resource Recovery Facility						
Legal Fees						
Financial and Probity Fees	320,000	1,075,780	574,551	53%	501,229	
Insurance Review & Other	45,000	51,809	27,964	54%	23,845	
Project / Contr Management (JV)	15,000	63,261	13,000	21%	50,261	
Community Consultation	290,000	488,721	188,189	39%	300,532	
Project Manager and Tender Evaluation	20,000	65,989	22,540	34%	43,449	
Environmental Approval	30,000	59,881	27,405	46%	32,476	
RRF Infrastructure	15,000	15,000	0	0%	15,000	
	200,000	200,000	391,811	196%	-191,811	
	935,000	2,020,441	1,245,460	62%	774,981	
Landfill Excavation						
Stage 2 Phase 2 (East) Excavation	25,000	25,000	1,625,292	6501%	-1,600,292	
Stage 2 Phase 2 (East) Lining	2,200,000	2,200,000	2,097,335	95%	102,665	
Stage 2 Phase 2 (West) Excavation	5,400,000	5,400,000	3,637,005	67%	1,762,995	
Stage 2 Phase 2 (West) Lining	2,400,000	2,400,000	346,257	14%	2,053,743	
Supervision	70,000	70,000	54,523	78%	15,477	
Project Management	20,000	20,000	15,241	76%	4,760	
Sitework Survey etc	5,000	5,000	27	1%	4,973	
	10,120,000	10,120,000	7,775,680	77%	2,344,320	
	12,681,500	13,811,841	9,189,556			
Disposals						
Trade in Caterpillar 966	(389,165)	(140,000)	0	0%	-140,000	
Trade in Caterpillar 950	(295,065)	(133,000)	0	0%	-133,000	
Trade in Toyota HiLux	(19,668)	(11,000)	(19,668)	179%	8,668	Note 1
	(704,498)	(284,000)	(19,668)			
Total Movement Non Current Assets	11,977,002	13,527,841	9,169,928			

NOTES FOR VARIATIONS - INVESTMENT ACTIVITIES
for the month ended 28/02/2007

Note #	Description of Item	Nature of Variance where Actual is 10% or $5,000 over Total Budget
	Disposals	
Note 1	Trade in Toyota HiLux	Budget is on pro-rated whilst the full transaction has been realised.

ITEM 9.2.2 **LIST OF PAYMENTS MADE FOR THE MONTHS ENDED 31 JANUARY 2007 AND 28 FEBRUARY 2007**

File No: **FIN/5-02**

Attachment(s): **1. List of payments made for the month ended 31 January 2007**
2. List of payments made for the month ended 28 February 2007

Author: **Kalwant Dhillon**

SUMMARY

The purpose of this report is to provide details of payments made during the periods identified. It is also a requirement as part of the delegation given to the Chief Executive Officer, to make payments from the Municipal Fund, that a list of payments made since the last Ordinary Council meeting be presented to Council.

COMMENT

The lists of payments for the months ended 31 January 2007 and 28 February 2007 are at Attachment One and Two to this Item and are presented for endorsement. Payments have been made in accordance with delegations that allow payments between meetings and are subsequently required to be presented to the next Council meeting following such payments. Further, at the Ordinary Council Meeting held on 18 February 1999, the Council delegated to the Chief Executive Officer the exercise of its power to make payments from the Municipal Fund. This delegation has been renewed upon annual reviews. In order to satisfy the requirements of Clause 13(2) of the Local Government (Financial Management) Regulations, a list of payments made must be submitted to the next Council meeting following such payments.

It should be noted that generally all payments are GST inclusive and Mindarie Regional Council is able to claim this tax as an input credit when remittance of GST collected is made each quarter.

Months Ending	Account	Vouchers	Amount
31 January 2007	General Municipal	9613 - 9703 CC095 DD0254-DD0255 TV078 NBM065 EFT 011 EP 009-EP 012	$960,405.14
28 February 2007		9704 – 9725 9785 – 9867 CC096 DD0256 – DD257 TV079 EFT 014 EP 015-EP 020, EP 022-EP 024 L11-6 L7-12	$1,310,073.25

Detailed schedules are attached including a summary listing of Consultants for January and February 2007, as requested.

RECOMMENDATION

That Council endorses the list of payments made, as per the delegation made to the Chief Executive Officer, for the months ended 31 January 2007 and 28 February 2007.

ATTACHMENT ONE

TO ITEM 9.2.2

ORDINARY COUNCIL MEETING

26 APRIL 2007

LIST OF PAYMENTS MADE FOR THE MONTHS ENDED
31 JANUARY 2007

Posting Date	Cheque No / EFT Number	Payee	Amount
9/01/2007	9613	WESTRAC EQUIPMENT Parts for various machinery	1,267.75
9/01/2007	9614	REPCO AUTO PARTS Oil and Consumables	53.98
9/01/2007	9615	ATKINS CARLYLE Consumables Sept/Oct 06	3,014.42
9/01/2007	9616	ARMAGUARD Cash Collection 20/11-15/12/06	545.62
9/01/2007	9617	AUSTRALIA POST - JOONDALUP Postage Dec 06	577.70
9/01/2007	9618	RAC OF WA Renewal of Business Wise Assistance	280.00
9/01/2007	9619	STAFF LINK Contracted Labour Dec 06	11,649.21
9/01/2007	9620	FARNHILL STEVE ELECTRICAL SERVICES Tagging equipment 20/10/06	266.20
9/01/2007	9621	WOODHOUSE LEGAL Legal fees	5,684.80
9/01/2007	9622	FREEHILLS RRF Professional fees Dec 2006	58,579.58
9/01/2007	9623	CASTLE SECURITY & ELECTRICAL Service call and mobile guard responses	458.50
9/01/2007	9624	CALTEX AUSTRALIA PETROLEUM PTY Unleaded Petrol Dec 06	444.96
9/01/2007	9625	COATES HIRE Hire: 1x10.4m Genie	1,767.78
9/01/2007	9626	MOBILE MASTERS Various Communication Equipment for Plant	1,477.30
9/01/2007	9627	DHILLON KALWANT Re-imbursement of Expenses	934.81
9/01/2007	9628	CANCELLED CHEQUE	0.00
9/01/2007	9629	VOCAM 1x Hazardous Substances Safety Essentials DVD	357.50
9/01/2007	9630	SURVEY GRAPHICS Aerial Survey and maps of Tamala Park - July 06	8,885.80
9/01/2007	9631	PIRTEK (MALAGA) PTY LTD Caterpiller 950 hose assembly	221.43
9/01/2007	9632	TOXFREE.	15,327.40

Posting Date	Cheque No EFT Number	Payee	Amount
		Removal of chemicals/paints 15/12/06	
9/01/2007	9633	DBS FENCING Fencing, rails, posts and fittings	6,732.00
9/01/2007	9634	AON RISK SERVICES AUSTRALIA LTD Review of JLT Project Policy Wording for RRF	14,300.00
9/01/2007	9635	TALBOT OLIVER Professional fees RE Scrap Metal Agreement	259.60
9/01/2007	9636	GREENWORLD INDOOR GARDENS Monthly plant services Jan 07	74.25
9/01/2007	9637	DISTINCTIVEWEB MRC Website Maintenance July-Oct 06	1,320.00
9/01/2007	9638	CANCELLED CHEQUE	0.00
9/01/2007	9639	BUNNINGS BUILDING SUPPLIES Consumables Nov 06	545.98
9/01/2007	9640	SAI GLOBAL LTD Registration for The Risk Management Standard	927.00
9/01/2007	9641	DRIVE IN ELECTRICS Caterpiller 950 control panel repairs	664.10
9/01/2007	9642	COVENTRY GROUP LTD Consumables Nov 06	614.26
9/01/2007	9643	PURE AIR FILTERS Various plant parts	163.90
9/01/2007	9644	WASTE MANAGEMENT & RECYCLING DEP Landfill Levy 01/10 - 30/12/06	545,348.76
13/01/2007	9645	CROSSCITY MOTORWAY P/L Toll fee	13.50
13/01/2007	9646	TELSTRA Mobile Telephone Expenses	370.37
22/01/2007	9647	CITY OF STIRLING Catering SWTF 16/11 & 17/11 Waste Management	66.00
22/01/2007	9648	WESTFUEL Bulk diesel and consumables December 2006	28,274.65
22/01/2007	9649	RAM PAPER & OFFICE PRODUCTS Consumables & Stationery January 2006	445.26
22/01/2007	9650	MERCURY Courier Dec 2006	593.98
22/01/2007	9651	MINI-TANKERS AUSTRALIA P/L Fuel Tana G360	2,366.44
22/01/2007	9652	STEVE'S MOBILE TYRE SERVICE	135.00

Posting Date	Cheque No / EFT Number	Payee	Amount
		Bintruck: Puncture repairs	
22/01/2007	9653	TELSTRA Telephone directory	111.82
22/01/2007	9654	CARDNO BSD PTY LTD MRC Land Investigations Oct/Nov 06	4,741.00
22/01/2007	9655	MINDARIE BUS CHARTER 17/01/06, 8/08/06, 12/01/07 Bus tours	319.00
22/01/2007	9656	B & T EARTHMOVING Contracted Labour 22, 23, 30, 31/12/06	1,672.00
22/01/2007	9657	LO-GO APPOINTMENTS Contracted Labour Week ending 23/12/06	1,098.70
22/01/2007	9658	KLEENHEAT GAS Gas for Forklift Dec 2006	312.52
22/01/2007	9659	BSD MEINHARDT Tamala Park Landfill Stage 2 Phase 2 Sept and Oct Issues	24,242.96
22/01/2007	9660	DHILLON KALWANT Re-imbursement of Expenses	495.00
22/01/2007	9661	WESTERN PLANT HIRE(WA) PTY LTD Hire CAT222B SSL 29/11-31/12/06	9,278.26
22/01/2007	9662	JOONDALUP OFFICE NATIONAL Stationary & Chairs January 2007	1,019.70
22/01/2007	9663	IPWEA-WA Staff Training: Registration Module 10 Waste Management	1,320.00
22/01/2007	9664	TAYLOR BRUCE Reimbursement for over charged customer	7.70
22/01/2007	9665	COUCH KERRY Professional Services	200.00
22/01/2007	9666	BUNNINGS BUILDING SUPPLIES Consumables December 2006	310.85
22/01/2007	9667	WA LOCAL GOVERNMENT ASSOCIATION Contribution for OAG December meeting	294.50
22/01/2007	9668	AARDVERDIR Mowing lawns Dec 2006	240.00
22/01/2007	9669	AIR LIQUIDE WA PTY LTD Workshop consumables Dec 2006	66.93
22/01/2007	9670	QUINNS ROCK EARTHMOVING Contracted Labour 11-22/12/06	4,207.50
23/01/2007	9671	TELSTRA Telephone usage to 3 Jan 2007	591.94

Posting Date	Cheque No / EFT Number	Payee	Amount
23/01/2007	9672	WORK CLOBBER Overalls/hats	314.50
23/01/2007	9673	CRISP AIR Service - administration air conditioner	909.70
23/01/2007	9674	WA LOCAL GOVERNMENT ASSOCIATION Marketforce Advertising Dec 2006	1,642.16
23/01/2007	9675	SAI GLOBAL LTD Internet download	73.95
23/01/2007	9676	INST PUBLIC WORKS ENG AUST Plant and Vehicle Mgmt Manual	841.50
23/01/2007	9677	GEOFABRICS AUST PTY LTD Geogrid SS30 3.80 x 50m	4,895.00
23/01/2007	9678	OPTUS COMMUNICATIONS Mobile Telephone 8/12/06-7/01/07	628.96
23/01/2007	9679	PURE AIR FILTERS Plant parts	50.60
23/01/2007	9680	QUINNS ROCK EARTHMOVING Contracted Labour 27/12/06-12/01/07	5,247.00
23/01/2007	9681	RAM PAPER & OFFICE PRODUCTS White Copy paper	156.50
23/01/2007	9682	STEVE'S MOBILE TYRE SERVICE Trucks: 2 x recaps and tyre repairs	720.00
23/01/2007	9683	YAKKA PTY LTD Summer uniforms: operations	2,967.53
23/01/2007	9684	CLEAN SWEEP Sweep access roads at Tamala Park	490.88
23/01/2007	9685	BENTLEY KEHOE CONSULTING GROUP Professional Services for continuous improvement workshop 17/01	709.50
23/01/2007	9686	WESTERN RESOURCE RECOVERY Removal of waste water	2,436.50
23/01/2007	9687	WANNEROO WINDSCREENS 242#2 New windscreen	128.70
23/01/2007	9688	DRAGE SIGNS Signs - various	2,101.00
23/01/2007	9689	IW PROJECTS Project Management	9,374.75
23/01/2007	9690	WESTERN DIAGNOSTIC PATHOLOGY Drug screening pathology Jan 2007	184.03
23/01/2007	9691	CANCELLED CHEQUE	0.00

Posting Date	Cheque No / EFT Number	Payee	Amount
23/01/2007	9692	PIRTEK (MALAGA) PTY LTD Hired CAT 232: hose assembly	237.06
23/01/2007	9693	WESTERN PLANT HIRE(WA) PTY LTD Equipment Hire	59,885.33
23/01/2007	9694	COUPLERS MALAGA Watercart: parts	35.76
23/01/2007	9695	WILSON SECURITY Mobile Patrol Services Dec 2006	1,128.60
23/01/2007	9696	JOONDALUP OFFICE NATIONAL Stationery Jan 2007	306.90
23/01/2007	9697	CHANGE CORPORATION Records Management Maintenance	10,834.56
23/01/2007	9698	CABCHARGE AUSTRALIA LTD Taxi travel Dec 2006	1,671.43
23/01/2007	9699	APPLIED EDUCATION Registration Payroll and Tax Procedures	698.00
23/01/2007	9700	IINET LIMITED Broadband heavy1 21/01-21/02/07	129.90
23/01/2007	9701	NORTHERN DISTRICTS PEST MGMT Pest treatments @ MRC	231.00
23/01/2007	9702	JOONDALUP SECURITY Security Screen	1,400.00
31/01/2007	9703	MRC PETTY CASH Reimbursement of minor expenses	903.80
		Sub-Total	**876,875.29**

Posting Date	EFT NUMBER	Electronic Funds Transfer	Amount
5/01/2007	EP009	SIMEON KENDALL Contract Environmental Officer	3,960.00
2/01/2007	EP010	NATIONAL AUSTRALIA BANK On Line Fee	40.06
31/01/2007	EP011	NATIONAL AUSTRALIA BANK Account keeping fee	177.20
31/01/2007	EP012	NATIONAL AUSTRALIA BANK Bill drawdown fee	150.00
19/01/2007	EFT0011	SIMEON KENDALL Contract Environmental Officer	3,960.00
5/01/2007	DDO254	NATIONAL AUSTRALIA BANK Net Payroll 5/1/07	63,043.32

Posting Date	Cheque No. / EFT Number	Payee	Amount
19/01/2007	DDO255	NATIONAL AUSTRALIA BANK Net Payroll 19/1/07	68,161.55
25/01/2007	TV078	AUSTRALIAN TAXATION OFFICE PAYG & Net GST December 2006 - Refund	-58,857.00
2/01/2007	NBM065	NATIONAL AUSTRALIA BANK EFTPOS December 2006	490.22
22/01/2007	CC095	MASTERCARD BUSINESS CARD Miscellaneous Expenses CEO's Card	2,404.50
		Sub-Total	960,405.14

FUND

SUMMARY OF SCHEDULE OF ACCOUNTS

9613-9703	876,875.29
DDO254, DDO255, TV078, NBM065, CC095 EFT11, EP009-EP012	83,529.85
Total	960,405.14

Footnote: EP013 and EP014 relates to rollover of Loan 12 Facility and transfer of funds to Cash Management Account

CERTIFICATE OF CHIEF EXECUTIVE OFFICER

This schedule of accounts to be passed for payment covering vouchers as above which was submitted to each member of council on 26 April 2007 has been checked and is fully supported by vouchers and invoices which are submitted herewith and which have been duly certified as to receipt of goods and the rendition of services and as to prices, computations and the amount due for payment.

CHIEF EXECUTIVE OFFICER

Payments to Consultants for January 2007
Council Meeting 26 April 2007

Posting Date	Cheque No/ EFT Number	Payee	Amount	Description
9/01/2007	962	WOODHOUSE LEGAL	5,684.80	Legal fees
9/01/2007	9622	FREEHILLS	58,579.58	RRF Professional fees Dec 2006
9/01/2007	963	AON RISK SERVICES AUSTRALIA LTD	14,300.00	Review of JLT Project Policy Wording for RRF
9/01/2007	9635	TALBOT OLIVER	259.60	Professional fees RE Scrap Metal Agreement
22/01/2007	965	CARDNO BSD PTY LTD	4,741.00	MRC Land Investigations Oct/Nov 06
22/01/2007	9655	BSD MEINHARDT	24,242.98	Tamala Park Landfill Stage 2 Phase 2 Sept and Oct Issues
23/01/2007	9685	BENTLEY KEHOE CONSULTING GROUP	709.50	Professional Services for continuous improvement workshop 17/01
		Total	108,517.46	

ATTACHMENT TWO

TO ITEM 9.2.2

ORDINARY COUNCIL MEETING

26 APRIL 2007

LIST OF PAYMENTS MADE FOR THE MONTHS ENDED
28 FEBRUARY 2007

Schedule of Payments for February 2007

Council Meeting - 26 April 2007

Cheque Payments

Date	Chq No	Payee	Amount
6/02/2007	9704	DELOITTE Professional fees for the financial model	16,115.00
7/02/2007	9705	AMP LIFE LIMITED Superannuation Fund Contributions	2,681.04
7/02/2007	9706	WALGS PLAN PTY LTD Superannuation Fund Contributions	43,133.91
7/02/2007	9707	HESTA SUPER FUND Superannuation Fund Contributions	825.45
7/02/2007	9708	SUMMIT (KERRY ANNE CHESTER) Superannuation Fund Contributions	653.40
7/02/2007	9709	WESTSCHEME Superannuation Fund Contributions	1,639.52
7/02/2007	9710	CBUS Superannuation Fund Contributions	268.27
9/02/2007	9711	WATER CORPORATION Water Usage Charges from 21 July 2006 to 23 January 2007	1,179.90
9/02/2007	9712	METTLER TOLEDO LIMITED Service/repair charge industrial	803.00
9/02/2007	9713	WESTRAC EQUIPMENT Presentation to employee's retirement/resignation	255.26
9/02/2007	9714	TELSTRA Directory Listings	111.84
9/02/2007	9715	ST JOHN AMBULANCE First Aid Course for Mindarie Regional Council Employees	2,235.00
9/02/2007	9716	BUNNINGS BUILDING SUPPLIES Various Consumables	47.58
9/02/2007	9717	WA LOCAL GOVERNMENT ASSOC Supply of Desktop Calendars	128.00
9/02/2007	9718	HEALTH ON THE MOVE Sunsafe Education sessions	206.25
9/02/2007	9719	Cancelled	0.00
9/02/2007	9720	COMMAND-A-COM PTY LTD Plantronics Cordless Headset with Handset lifter for weighbridge	605.00
9/02/2007	9721	Cancelled	0.00

Schedule of Payments for February 2007

Council Meeting - 26 April 2007

9/02/2007	9722	AUSTRALIA POST - JOONDALUP Postage 3-24/01/07	115.60
9/02/2007	9723	RAM PAPER & OFFICE PRODUCTS (WA) Supply of Copy paper and toner	485.91
9/02/2007	9724	JOONDALUP RETRAVISION 2L Plastic Cordless Jug	35.00
9/02/2007	9725	THE PRINTING FACTORY Printing of Maintenance Log Books for various Plant & Machineries	1,139.72
9/02/2007	9785	YAKKA PTY LTD Corporate Uniform for employees	708.92
9/02/2007	9786	B & T EARTHMOVING Watercart 24-26/01/07	2,194.50
9/02/2007	9787	WHELANS (WA) PTY LTD Survey Work for Lot 505 Pederick Rd Neerabup 29/01/07	2,791.25
9/02/2007	9788	STAFF LINK Contract Labour 9-27/01/07	4,150.42
9/02/2007	9789	SCOPE BUSINESS IMAGING Preventative Service Plan/Help Desk	399.43
9/02/2007	9790	METROPOLITAN CASH REGISTER CO Thermal Paper Rolls	53.35
9/02/2007	9791	FUJI XEROX AUST PTY LTD Preventative Service Plan/Help Desk	865.14
9/02/2007	9792	IW PROJECTS Contract for Resource Recovery Facility/CEAG and Excavation Stage 2	13,161.50
9/02/2007	9793	WESTERN DIAGONOSTIC PATHOLOGY Drug Screening and Testing Fees	1,070.30
9/02/2007	9794	EXCEL WINDOW CLEANING Jan 07 cleaning	280.00
9/02/2007	9795	JOONDALUP OFFICE NATIONAL Various Stationery Supplies	69.90
9/02/2007	9796	LG NET On line advertising Senior Finance Officer 29/12/06-25/01/07	82.50
9/02/2007	9797	GREENWORLD INDOOR GARDENS Plant Services: February 07	74.25
9/02/2007	9798	RECORDS MANAGEMENT ASSOCIATION OF AUSTRALIA Member registration Records Mgmt Conference-Records Officer	475.00
9/02/2007	9799	JASNEAT Cleaning Services/Consumable for January 2007	1,300.20

Schedule of Payments for February 2007

Council Meeting - 26 April 2007

13/02/2007	9800	WESTRAC EQUIPMENT Various spare parts for Plant & Machinery	5,604.61
13/02/2007	9801	ST JOHN AMBULANCE Senior First Aid Course	149.00
13/02/2007	9802	NORTHERN DISTRICTS PEST MGMT Removal of 2 rats and refresh spray 22/01/07	132.00
13/02/2007	9803	BRIDGESTONE EARTHMOVER TYRES PARTS Repair of Caterpillar 950G	1,466.30
13/02/2007	9804	DUN & BRADSTREET AUSTRALIA P/L Commision charged on direct payment AKA Truck and bobcat	12.76
13/02/2007	9805	WORK CLOBBER Hat, canvas mesh	619.50
13/02/2007	9806	BUNNINGS BUILDING SUPPLIES Various workshop consumables	392.18
13/02/2007	9807	COVENTRY GROUP LTD Various workshop consumables	188.14
13/02/2007	9808	CHEMWATCH Annual maintenance fee March 2007- February 2008	1,650.00
13/02/2007	9809	COMMAND-A-COM PTY LTD Installed new phone and data point in finance office	608.85
13/02/2007	9810	PURE AIR FILTERS Various spare parts	92.40
13/02/2007	9811	AIR LIQUIDE WA PTY LTD Oxygen Cylinders January 2007	66.93
13/02/2007	9812	REPCO AUTO PARTS Various motor vehicles spare parts	199.38
13/02/2007	9813	ATKINS CARLYLE Various workshop supplies	2,211.13
13/02/2007	9814	ARMAGUARD Armaguard pick up 18/12-19/01	711.52
13/02/2007	9815	WESTFUEL Bulk Diesel January 2007	22,160.88
13/02/2007	9816	DEPT OF PLANNING & INFRASTRUCTURE Search for vehicle ownership Oct-Dec 2006	23.40
13/02/2007	9817	NOVOTEL COFFS HARBOUR IT Conference incidentals	51.00
13/02/2007	9818	FRED'S MITRE 10 Various hardware supplies	92.22

Schedule of Payments for February 2007

Council Meeting - 26 April 2007

13/02/2007	9819	JSB FENCING Supply and erect fencing around helipad as quoted	6,105.00
13/02/2007	9820	BRYANT MEDIA 2006 Annual Report and Corporate Communication Projects	11,792.00
13/02/2007	9821	STAFF LINK Contract labour 31/12/06-20/01/07	2,123.91
13/02/2007	9822	WOODHOUSE LEGAL Various Legal Fees	972.40
13/02/2007	9823	CASTLE SECURITY & ELECTRICAL PARTS SUPPLY Service call out fees	861.14
13/02/2007	9824	JOONDALUP PUMP & RETICULATION SERVICES Repair burst pipe at mainline	708.50
13/02/2007	9825	WASTE MANAGEMENT ASSOCIATION National Landfill Seminar Tour for MRC Staffs	100.00
13/02/2007	9826	LANDFILL GAS & POWER PTY LTD Power consumption (site) 10/12/06-10/01/07	1,930.06
13/02/2007	9827	ABA FRIDGE & WASHER SERVICE Removal of CFC Refrigerant System	1,780.00
13/02/2007	9828	GOLDFINCH ROB CONSULTING Contract works supervision for Washing Effluent System Upgrade	6,566.04
13/02/2007	9829	TYRE WASTE (WA) Recycling of rubber products	580.30
13/02/2007	9830	TRANEN PTY LTD Rehabilitation Work Progress Certificate	5,221.52
13/02/2007	9831	JOONDALUP OFFICE NATIONAL Rubber bands, laser labels, batteries and sheet protectors	303.70
13/02/2007	9832	CHECKPOINT SYSTEMS Repair tools	142.89
13/02/2007	9833	BREAKWEST HIRE Hire of Kobelco SK330VI (35T)	1,710.50
13/02/2007	9834	WT CONTRACTORS P/L Hire of Komatsu 155 AX-hire	7,480.00
13/02/2007	9835	KITEC ELECTRICAL SERVICES Repair faulty and take off circuit breaker	88.00
13/02/2007	9836	SUN CITY NEWS Subscription 2007 Sun City News	55.00
13/02/2007	9837	T&J SPRAYPAINTERS Excess Payment	300.00

Schedule of Payments for February 2007

Council Meeting - 26 April 2007

20/02/2007	9838	EVANS RHONDA Navision Computer Support Dec 2006 and January 2007	5,952.00
20/02/2007	9839	MENAGLIO SECURITY & COMMUNICATIONS Install new zoom camera and housing to recycling to focus on cardboard crusher Service cameras @ front gate, recycling and weighbridge	3,007.40
20/02/2007	9840	MULTIPROGRAMMING PTY LTD IT Services, transition process	1,928.30
20/02/2007	9841	DUSTEX 14 x 1000L bins of dustex liquid	15,264.26
20/02/2007	9842	EARTHWORKS TRAINING ASSESSMENT Roadworks traffic management training 29/01-2/02/07	880.00
20/02/2007	9843	DRIVE IN ELECTRICS Repairs to air con, replace compressor, pressure switch and fitting	1,127.80
20/02/2007	9844	AARDVERDIR Mowing Services Jan 2007	488.00
20/02/2007	9845	PURE AIR FILTERS Various Plant & Machinery spare parts	161.70
20/02/2007	9846	IFAP Forklift course for MRC Employees	657.50
20/02/2007	9847	CLEAN SWEEP Sweep roadways at Tamala Park - 15/1/07 and 22/01/07	952.88
20/02/2007	9848	B & T EARTHMOVING Contracted Labour B & T Earthmoving 29/01/07, 3-4/2/07	1,034.00
20/02/2007	9849	WA HINO SALES & SERVICE Seat belt for Hino Bin truck	450.54
20/02/2007	9850	HARVEY NORMAN Staff Reimbursements	1,425.00
20/02/2007	9851	CHARTER PLUMBING AND GAS Clean calcium from unit and change filters	85.25
20/02/2007	9852	AUSTRALIAN INSTITUTE OF MANAGEMENT Staff Training Course on Managing Team Budgets and Financials & Adobe Acrobat	1,357.00
20/02/2007	9853	FUJI XEROX AUST PTY LTD DocuCentre Colour, Impressions Only Jan 2007	307.31
20/02/2007	9854	KLEENHEAT GAS Gas for Forklift January 2007	348.59
20/02/2007	9855	BSD MEINHARDT Consultant Fees - Design and Contract Management for Landfill Stage 2	11,070.42

Schedule of Payments for February 2007

Council Meeting - 26 April 2007

20/02/2007	9856	WESTERN PLANT HIRE(WA) PTY LTD Hire 232B SSL and CAT 20T Excavator for January 07	15,726.50
20/02/2007	9857	WILSON SECURITY Mobile Patrol Services January 2007	1,128.60
20/02/2007	9858	TOXFREE Removal of paints	4,086.50
20/02/2007	9859	JOONDALUP OFFICE NATIONAL Various Stationery Supplies	33.35
20/02/2007	9860	CHANGE CORPORATION Professional Services for monthly records management maintenance Jan 07	3,366.00
20/02/2007	9861	JASNEAT Supply of consumables	272.00
20/02/2007	9862	APC GROUP Shelving for Records	2,871.00
21/02/2007	9863	MULTIPROGRAMMING PTY LTD New monitor for TRIM computer	453.33
21/02/2007	9864	BENTLEY KEHOE CONSULTING GROUP Consultant's fees - Preparation, facilitation and follow-up for Continuous Improvement	709.50
27/02/2007	9865	TELSTRA Mobile Telephone expenses	610.81
27/02/2007	9866	WILSON SECURITY Parking Expenses	10.50
27/02/2007	9867	MRC PETTY CASH Petty Cash Reimbursement 31/1/07-23/2/07	900.45
		Sub-total	262,260.96

Electronic Funds Transfer (EFT)

		Payee	Amount
2/02/2007	L11-5	COMMONWEALTH BANK OF AUSTRALIA Loan repayment - Loan No.11	75,486.35
12/02/2007	L7-12	COMMONWEALTH BANK OF AUSTRALIA Loan repayment - Loan No.7	248,498.20
5/02/2007	DD0256	NATIONAL AUSTRALIA BANK Payroll 5/2/07	66,148.49
19/02/2007	DD0257	NATIONAL AUSTRALIA BANK Payroll 19/2/07	67,367.05
7/02/2007	EFT0014	SIMEON KENDALL Environment Officer Fees 14/12/06 to 27/01/07	3,960.00

Schedule of Payments for February 2007

Council Meeting - 26 April 2007

28/02/2007	EP015	JJ McDONALD & SONS ENGINEERING Contract labour for excavation stage 2 (west) and leachate system	40,086.37
1/02/2007	EP016	NATIONAL AUSTRALIA BANK On Line Fees	35.15
2/02/2007	EP017	SIMEON KENDALL Environment Officer Fees 10/02/07 to 23/02/07	3,960.00
22/02/2007	EP018	MASTERCARD BUSINESS CARD Miscellaneous Expenses CEO's Card	1,353.64
22/02/2007	EP019	AUSTRALIAN TAXATION OFFICE PAYG and BAS payments for January 07	177,623.00
28/02/2007	EP020	NATIONAL AUSTRALIA BANK Bill drawdown fee	150.00
28/02/2007	EP022	NATIONAL AUSTRALIA BANK Account Keeping Fee	168.80
28/02/2007	EP023	NATIONAL AUSTRALIA BANK Loan No.8 repayment	22,178.68
28/02/2007	EP024	JJ McDONALD & SONS ENGINEERING Contract labour for excavation stage 2 (west) and leachate system	340,796.56
		Sub-total	1,047,812.29
		Grand Total	1,310,073.25

SUMMARY SCHEDULE OF PAYMENTS

Cheque Payments Cheque 9704 - 9725, Cheque 9785 - 9867	262,260.96
EFT Payments EFT0014, EP0015 to EP024, L11-6, L7-12, DD0256, DD0257.	1,047,812.29
Grand Total	1,310,073.25

Footnote: EP021 relates to rollover of Loan 12 facility.

CERTIFICATE OF CHIEF EXECUTIVE OFFICER

This schedule of payments covering vouchers as above which was submitted to each member of council on 26 April 2007 has been checked and is fully supported by vouchers and invoices which ware submited herewith and which have been duly certified as to receipt of goods and the rendition of services and as to prices, computations and the amount due for payment.

CHIEF EXECUTIVE OFFICER

Schedule of Consultant Payments for February 2007

Council Meeting - 26 April 2007

Cheque Payments

Date	Chq No	Payee	Amount	
6/02/2007	9704	DELOITTE	16,115.00	Professional fees for the financial model
13/02/2007	9820	BRYANT MEDIA	11,792.00	2006 Annual Report and Corporate Communication Projects
13/02/2007	9822	WOODHOUSE LEGAL	972.40	Various Legal Fees
13/02/2007	9828	GOLDFINCH ROB CONSULTING	6,566.04	Contract works supervision for Washing Effluent System Upgrade
20/02/2007	9855	BSD MEINHARDT	11,070.42	Consultant Fees - Design and Contract Management for Landfill Stage 2
21/02/2007	9864	BENTLEY KEHOE CONSULTING GROUP	709.50	Consultant's fees - Preparation, facilitation and follow-up for Continuous Improvement
		Grand Total	47,225.36	

ITEM 9.2.3 **LOCAL GOVERNMENT COMPLIANCE AUDIT RETURN (1 JANUARY 2006 – 31 DECEMBER 2006)**

File No: COR/12

Attachment(s):
1. Compliance Audit Return
2. Independent Auditor Report

Author: Kevin Poynton

SUMMARY

The purpose of this report is to provide Council with information on the completed Statutory Compliance Return (1 January – 31 December 2006).

BACKGROUND

Each Local Government is to carry out a Compliance Audit for the period 1 January to 31 December in accordance with Section 7.13(i) (of the *Local Government Act 1995) and Audit Regulation 13*. On completion of the Compliance Audit, the Local Government is to complete a Compliance Audit Return. The Compliance Audit Return is to be processed as follows:

- Consideration by Council
- Adoption by the Council
- Confirmation by Minutes of the meeting concerning these actions

Following this, a certified copy of the Return along with the relevant section of the Minutes, and any additional information explaining or qualifying the Compliance Audit, is to be submitted to the Executive Director, Department of Local Government and Regional Development.

The administration has completed the Compliance Audit Return, and this work is now presented to the Council for consideration.

DETAIL

The Compliance Audit Return

A copy of the completed Compliance Audit Return is attached to and forms part of this Item (see Attachment One). The certification for each appropriate specification can be cross referenced to the Council's Business Manual, in terms of appropriate Policy and Procedures. It should be noted that a number of sections of the Compliance Audit Return are not relevant to the Mindarie Regional Councils business, and this has been noted, where appropriate.

The audit return has been completed after an independent audit was conducted by Mr Andrew Burchfield, a former internal auditor at the City of Stirling. The report from Mr Burchfield is at Attachment Two.

Key points to note from this independent audit are as follows:

- That the audit was conducted as a continuous improvement exercise

- That the auditor's conclusion was that "high level of compliance" was evidenced
- That, whilst some areas of non-compliance were identified, remedial action had either been commenced, or has been commenced and/or completed

Areas of non-compliance

Those identified areas of non-compliance and remedial action, are as follows:

- Observation 1 – Local Government Employees
  - CEO contract (revised January 2007) now compliant
  - Revised draft Gratuities policy in progress
- Observation 2 – Finance
  - Process implemented to ensure timely submission of Annual Report
  - Annual Business Plan to be amended to reflect two year time frame
  - Procedures C2, C3 to be amended to deal with unauthorised use of financial devices
- Observation 3 – Disclosure of Interest
  - Minutes to include Council Agreement to Member remaining in meeting following disclosure of interest

CONSULTATION

Not Applicable.

STATUTORY ENVIRONMENT

The completion of the Compliance Audit Return is a statutory requirement directed by the Department of Local Government.

POLICY IMPLICATIONS

The Compliance Audit Return is directly related to the Council's Business Manual, including Policies and Procedures.

FINANCIAL IMPLICATIONS

Not applicable.

STRATEGIC IMPLICATIONS

Not applicable.

COMMENT

Mindarie Regional Council has completed the Compliance Audit Return for the period 1 January 2006 to 31 December 2006 and Council consideration of this information is now appropriate.

RECOMMENDATION

That the Council adopt the Compliance Audit Return, as presented, for the period 1 January 2006 to 31 December 2006.

ATTACHMENT ONE

TO ITEM 9.2.3

ORDINARY COUNCIL MEETING

26 APRIL 2007

COMPLIANCE AUDIT RETURN

Department of Local Government
and Regional Development
Government of Western Australia

Mindarie Regional Council - Compliance Audit Return Regional Local Government 2006

Commercial Enterprises by Local Governments

No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a)(b)(c) Functions & General Regulation 7,9	Has the local government prepared a business plan for each major trading undertaking in 2006.	Yes		
2	s3.59(2)(a)(b)(c) Functions & General Regulation 7,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2006.	Yes		
3	s3.59(2)(a)(b)(c) Functions & General Regulation 7,11	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2006.	Yes		
4	s3.59(4)	Has the local government given Statewide public notice of each proposal to commence a major trading undertaking or enter into a major land transaction for 2006.	Yes		
5	s3.59(5)	Did the Council, during 2006, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	Yes		

Department of Local Government
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Delegation of Power / Duty

No	Reference	Question	Response	Comments	Respondent
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority.	N/A		
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.			
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.			
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.			
5	s5.18	Has Council reviewed delegations to its committees in the 2005/2006 financial year.			
6	s5.42(1),5.43 Administration Regulation 18G	Did the powers and duties of the Council delegated to the CEO exclude those as listed in section 5.43 of the Act.	Yes		
7	s5.42(1)(2) Admin Reg 18	Were all delegations to the CEO resolved by an absolute majority.	Yes		
8	s5.42(1)(2) Admin Reg 18	Were all delegations to the CEO in writing.	Yes		
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes		
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	Yes		
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes		
12	s5.46(2)	Were all delegations made under Division 4 of Part 5 of the Act reviewed by the delegator at least once during the 2005/2006 financial year.	Yes		
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record as required.	Yes		

Disclosure of Interest

No	Reference	Question	Response	Comments	Respondent
1	s5.67	If a member disclosed an interest, did he/she ensure that they did not remain present to participate in any discussion or decision-making procedure relating to the matter in which the interest was disclosed (not including participation approvals granted under s5.68).	No		
2	s5.68(2)	Were all decisions made under section 5.68(1), and the extent of participation allowed, recorded in the minutes of Council and Committee meetings.	N/A		

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No	Reference	Question	Response	Comments	Respondent
3	s5.73	Were disclosures under section 5.65 or 5.70 recorded in the minutes of the meeting at which the disclosure was made.	Yes		
4	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly elected members within three months of their start day.	Yes		
5	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly designated employees within three months of their start day.	N/A		
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2006.	No		
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2006.	Yes		
8	s5.77	On receipt of a primary or annual return, did the CEO, (or the Mayor/ President in the case of the CEO's return) on all occasions, give written acknowledgment of having received the return.	Yes		
9	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained the returns lodged under section 5.75 and 5.76	Yes		
10	s5.88(1)(2) Admin Reg 2	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70 and 5.71, in the form prescribed in Administration Regulation 28.	No		
11	s5.88 (3	Has the CEO removed all returns from the register when a person ceased to be a person required to lodge a return under section 5.75 or 5.76.	Yes		
12	s5.88(4)	Have all returns lodged under section 5.75 or 5.76 and removed from the register, been kept for a period of at least five years, after the person who lodged the return ceased to be a council member or designated employee.	Yes		
13	s5.103 Admin Reg 34C	Where an elected member or an employee disclosed an interest in a matter discussed at a Council or committee meeting where there was a reasonable belief that the impartiality of the person having the interest would be adversely affected, was it recorded in the minutes.	Yes		

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Government of Western Australia

Disposal of Property

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Was any property that was not disposed of by public auction or tender, given local public notice prior to disposal (except where excluded by Section 3.58(5)).	Yes		
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property.	NA		

Finance

No	Reference	Question	Response	Comments	Respondent
1	s5.53, Admin Reg19B	Has the local government prepared an annual report for the financial year ended 30 June 2006 that contained the prescribed information under the Act and Regulations.	Yes		
2	s5.54(1), (2)	Was the annual report accepted by absolute majority by the local government by 31 December 2006.	Yes		
3	s5.54(1), (2)	If the Auditor's report was not available in time for acceptance by 31 December, will it be accepted no more than two months after the Auditor's report is made available.	Yes		
4	s5.55	Did the CEO give local public notice of the availability of the annual report as soon as practicable after the local government accepted the report.	No		
5	S5.56 Admin Reg 19C(2)	Has the local government made a plan for the future of its district in respect of the period specified in the plan (being at least 2 financial years).	No		
6	Admin Reg 19D	After a plan for the future, or modifications to a plan were adopted under regulation 19C, did the local government give public notice in accordance with subsection (2).	Yes		
7	s5.98 Admin Reg 30	Was the fee made available to elected members for attending meetings within the prescribed range.	Yes		
8	s5.98 Admin Reg 31	Was the reimbursement of expenses to elected members within the prescribed ranges or as prescribed.	NA		
9	s5.98A Admin Reg 33A	Where a local government decided to pay the deputy mayor or the deputy president an allowance, was it resolved by absolute majority.	Yes		

Department of Local Government and Regional Development - Compliance Audit Return

Department of Local Government
and Regional Development
Government of Western Australia

No	Reference	Question	Response	Comments	Respondent
10	s5.98A Admin Reg 33A	Where a local government decided to pay the deputy mayor or the deputy president an allowance, was it up to (or below) the prescribed percentage of the annual local government allowance to which the mayor or president is entitled under section 5.98 (5).	Yes		
11	s5.99 Admin Reg 34	Where a local government decided to pay Council members an annual fee in lieu of fees for attending meetings, was it resolved by absolute majority.	Yes		
12	s5.99 Admin Reg 34	Where a local government decided to pay Council members an annual fee in lieu of fees for attending meetings, was it within the prescribed range.	Yes		
13	s5.99A Admin Reg 34A, AA, AB	Where a local government decided to pay Council members an allowance instead of reimbursing telephone, facsimile machine rental charges and other telecommunication, information technology, travelling and accommodation expenses, was it resolved by absolute majority.	Yes		
14	s5.99A Admin Reg 34A, AA, AB	Where a local government decided to pay Council members an allowance instead of reimbursing telephone, facsimile machine rental charges and other telecommunication, information technology, travelling and accommodation expenses, was it within the prescribed range.	Yes		
15	s5.100 (1)	Did the local government pay a fee for attending committee meetings only to a committee member who was a council member or employee.	Yes		
16	s5.100 (2)	Where the local government decided to reimburse a committee member, who was not a council member or employee, for an expense incurred by the person in relation to a matter affecting the local government, was it within the prescribe range.	N/A		
17	s6.2	Did Council, prior to 31 August in the review period, adopt by absolute majority, a budget in the form and manner prescribed by Financial Management (FM) Reg 22 and the Act. (Please enter the date of the Council Resolution in the "Comments" column)	Yes	Agenda Item 9.2.4 of 17/8/06 meeting.	
18	s6.2	If 'no', was Ministerial approval sought for an extension.	N/A		
19	Financial Management Reg 33	Was the 2006/2007 budget forwarded to the Department of Local Government and Regional Development within 30 days of its adoption. (Please enter the date sent in the "Comments" column).	No	Date Sent — 21/9/06	
20	s6.4(1) FM Reg 34	Did the local government prepare an annual financial report as prescribed.	Yes		

Department of Local Government
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Government of Western Australia

No	Reference	Question	Response	Comments	Respondent
21	s6.4(1) FM Reg 34	Did the local government prepare other financial reports as prescribed.	Yes		
22	FM Reg 34	If the local government prepared other financial reports as prescribed in s6.4 (1) FM Reg 34, were they presented to Council and recorded in the minutes of the meetings in which they were submitted.	Yes		
23	s6.4(3)(b)	Was the annual financial report, prepared for the financial year ended 30 June 2006, submitted to the Auditor by 30 September 2006 or by the extended time allowed by the Minister or his delegate.	Yes		
24	FM Reg 51(2)	Was the annual financial report submitted to the Department of Local Government and Regional Development sent by the CEO within 30 days after receiving the Auditor's report.	Yes		
25	s6.8	Was expenditure that the local government incurred from its municipal fund, but not included in its annual budget, authorised in advance on all occasions by absolute majority resolution.	N/A		
26	s6.8	In relation to expenditure that the local government incurred from its municipal fund that was authorised in advance by the mayor or president in an emergency, was it reported on all occasions to the next ordinary meeting of council.			
27	s6.9 (1)	Does the local government's trust fund consist of all money (or the value of assets) that are required by the Local Government Act 1995 or any other written law to be credited to the fund.			
28	s6.9 (1)	Does the local government's trust fund consist of all money or the value of assets held by the local government in trust.			
29	s6.9(2)	Has the local government's trust fund been applied for the purposes of and in accordance with the trusts affecting it.			
30	s6.9(3)	Has money held in the trust fund, been paid to the person entitled to it, together with, if the money has been invested, any interest earned from that investment.			
31	s6.9(3)	Has property held in trust been delivered to the persons entitled to it.			
32	s6.11(2)	Have all decisions to change the use or purpose of money held in reserve funds been by absolute majority.			

Department of Local Government
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Government of Western Australia

No	Reference	Question	Response	Comments	Respondent
33	s6.11(2) FM Reg 18	Did the local government give one months public notice of the proposed change of purpose or proposed use of money held in reserve funds . (Notice not required where the local government has disclosed the change of purpose or proposed use of reserve funds in its annual budget or where the money was used to meet expenditure authorised under s6.8(1)(c) of the Act or where the amount to be used did not exceed $5,000).	N/A		
34	s6.12, 6.13, 6.16 (1),(3	Did Council at the time of adopting its budget, determine the granting of a discount or other incentive for early payment by absolute majority.			
35	s6.12, 6.13, 6.16 (1),(3	Did Council determine the setting of an interest rate on money owing to Council by absolute majority.			
36	s6.12, 6.13, 6.16 (1),(3)	Did Council determine to impose or amend a fee or charge for any goods or services provided by the local government by absolute majority. (Note: this applies to money other than rates and service charges).	Yes		
37	s6.17(1)	Were the fees or charges imposed for a copy of information available under section 5.96, limited to the cost of providing the service or goods.	N/A		
38	s6.17(1)	Were the fees or charges imposed for receiving an application for approval, granting an approval, making an inspection and issuing a licence, permit, authorisation or certificate, limited to the cost of providing the service or goods.			
39	s6.17(3)	Were the fees or charges imposed for any other service prescribed in section 6.16 (2)(f), limited to the cost of providing the service or goods.			
40	s6.19	After the budget was adopted, did the local government give local public notice for all fees and charges stating its intention to introduce the proposed fees or charges and the date from which it proposed to introduce the fees or charges.	Yes		
41	s6.20(2) FM Reg 20	On each occasion where the local government exercised the power to borrow and details of the proposal were not included in the annual budget for that financial year, did the local government give one month's local public notice of the proposal (except where the proposal was of a kind prescribed in FM Regulation 20).	N/A		

Department of Local Government
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No	Reference	Question	Response	Comments	Respondent
42	s6.20(2) FM Reg 20	On each occasion where the local government exercised the power to borrow, was the Council decision to exercise that power by absolute majority (Only required where the details of the proposal were not included in the annual budget for that financial year).	NA		
43	s6.20(3) FM Reg 21	On each occasion where the local government changed the use of borrowings, did the local government give one month's local public notice of the change in purpose. (Only required if the details of the change of purpose were not included in the annual budget or were of the kind prescribed in FM Regulation 21).			
44	s6.20(3) FM Reg 21	On each occasion where the local government changed the use of borrowings, was the decision on the change of use by absolute majority. (Only required if the details of the change of purpose were not included in the annual budget or were of the kind prescribed in FM Regulation 21)			
45	S6.76(5)	Was the outcome of an objection under section 6.76(1) promptly conveyed to the person who made the objection including a statement of the local government's decision on the objection and its reasons for that decision.			
46	FM Reg 11(1)	Has the local government developed procedures for the authorisation of, and the payment of, accounts to ensure that there is effective security for and properly authorised use of cheques, credit cards, computer encryption devices and passwords, purchasing cards and other devices or methods by which goods, services, money or other benefits may be obtained.	No		
47	FM Reg 11(1)	Has the local government developed procedures for the authorisation of, and the payment of, accounts to ensure that there is effective security for and properly authorised use of petty cash systems.	No		
48	FM Reg 11(2)	Has the local government developed procedures that ensure a determination is made that the debt was incurred by a person who was properly authorised, before any approval for payment of an account is made.	Yes		
49	FM Reg 11(2)	Has the local government developed procedures that ensure a determination is made that the goods or services to which each account relates were provided in a satisfactory condition or to a satisfactory standard, before payment of the account.	Yes		

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and Regional Development
Government of Western Australia

No	Reference	Question	Response	Comments	Respondent
50	FM Reg 12	Have payments from the Municipal or Trust fund been made under the appropriate delegated authority.	Yes		
51	FM Reg 12	When Council are presented with a list detailing the accounts to be paid, have payments from the Municipal or Trust fund been authorised in advance by resolution of Council.	N/A		
52	FM Reg 13	Did the list of payments made or accounts for approval to be paid from the Municipal or Trust fund that were recorded in the minutes of the relevant meeting include the payee's name.	Yes		
53	FM Reg 13	Did the list of payments made or accounts for approval to be paid from the Municipal or Trust fund, that were recorded in the minutes of the relevant meeting, include the amount of the payment.	Yes		
54	FM Reg 13	Did the list of payments made or accounts for approval to be paid from the Municipal or Trust fund that were recorded in the minutes of the relevant meeting, include sufficient information to identify the transaction.	Yes		
55	FM Reg 13	Did the list of accounts for approval to be paid from the Municipal or Trust fund that were recorded in the minutes of the relevant meeting, include the date of the meeting of Council.	N/A		
56	FM Reg 19	Do the internal control procedures over investments established and documented by the local government enable the identification of the nature and location of all investments.	Yes		
57	FM Reg 19	Do the internal control procedures over investments, established and documented by the local government, enable the identification of the transactions related to each investment.	Yes		
58	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act.	Yes		
59	s7.1B	Where a local government determined to delegate to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority.	N/A		
60	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	Yes		
61	s7.3	Was the person(s) appointed by the local government to be its auditor, an approved auditor.	Yes		

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No	Reference	Question	Response	Comments	Respondent
62	s7.3	Was the person or persons appointed by the local government to be its auditor, appointed by an absolute majority decision of Council.	Yes		
63	Audit Reg 10	Was the Auditor's report for the financial year ended 30 June 2006 received by the local government within 30 days of completion of the audit.			
64	s7.9(1)	Was the Auditor's report for 2005/2006 received by the local government by 31 December 2006.			
65	S7.12A(3), (4)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken by the local government, was that action undertaken.	N/A		
66	S7.12A(3), (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9 (1) of the Act) required action to be taken by the local government, was a report prepared on any actions undertaken.			
67	S7.12A(3), (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9 (1) of the Act) required action to be taken by the local government, was a copy of the report forwarded to the Minister by the end of the financial year or 6 months after the last report prepared under s7.9 was received by the local government whichever was the latest in time.			
68	A Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	Yes		
69	A Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.			
70	A Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.			
71	A Reg 7	Did the agreement between the local government and its auditor include details of the remuneration and expenses to be paid to the auditor.			
72	A Reg 7	Did the agreement between the local government and its auditor include the method to be used by the local government to communicate with, and supply information to, the auditor.			
73	FM Reg 33A	Did the local government, between 1 January and 31 March 2006, carry out a review of its annual budget for the year ended 30 June 2006.			

Department of Local Government
and Regional Development
Government of Western Australia

Local Government Employees

No	Reference	Question	Response	Comments	Respondent
1	s9.59, Admin Reg 18C	Did the local government approve the process to be used for the selection and appointment of the CEO before the position was advertised.	N/A		
2	s5.36(4), 5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and for designated senior employees advertised.			
3	s5.36(4), 5.37(3), Admin Reg 18A	Did the local government advertise for the position of CEO and for designated senior employees in a newspaper circulated generally throughout the State.			
4	s5.36(4), 5.37(3), Admin Reg 18A	Did all advertisements for the position of CEO and for designated senior employees contain details of the remuneration and benefits offered.			
5	s5.36(4), 5.37(3), Admin Reg 18A	Did all advertisements for the position of CEO and for designated senior employees contain details of the place where applications for the position were to be submitted.			
6	s5.36(4), 5.37(3), Admin Reg 18A	Did all advertisements for the position of CEO and for designated senior employees detail the date and time for closing of applications.			
7	s5.36(4), 5.37(3), Admin Reg 18A	Did all advertisements for the position of CEO and for designated senior employees indicate the duration of the proposed contract.			
8	s5.36(4), 5.37(3), Admin Reg 18A	Did all advertisements for the position of CEO and for designated senior employees provide contact details of a person to contact for further information.			
9	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.			
10	s5.38	Was the performance of each employee, employed for a term of more than one year, (including the CEO and each senior employee), reviewed within the most recently completed 12 months of their term of employment.	Yes		
11	Admin Reg 18D	When the Council considered the CEO's performance review did it decide to accept the review (with or without modification).	Yes		
12	Admin Reg 18D	When the Council considered the CEO's performance review did it decide to reject the review.	No		
13	s5.39	During the period covered by this Return, were written performance based contracts in place for the CEO and all designated senior employees who were employed since 1 July 1996.	Yes		

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No	Reference	Question	Response	Comments	Respondent
14	s5.39 Admin Reg 18B	Does the contract for the CEO and all designated senior employees detail the maximum amount of money payable if the contract is terminated before the expiry date. This amount is the lesser of the value of one year's remuneration under the contract.	No		
15	s5.39 Admin Reg 18B	Does the contract for the CEO and all designated senior employees detail the maximum amount of money payable if the contract is terminated before the expiry date and this amount is the lesser of the value of the remuneration they would be entitled to had the contract not been terminated.			
16	s5.50(1)	Did Council adopt a policy relating to employees whose employment terminates, setting out the circumstances in which council would pay an additional amount to that which the employee is entitled under a contract or award.			
17	s5.50(1)	Did Council adopt a policy relating to employees whose employment terminates, setting out the manner of assessment of an additional amount.			
18	s5.50(2)	Did the local government give public notice on all occasions where council made a payment that was more than the additional amount set out in its policy.	N/A		
19	S5.53(2)(g) Admin Reg 19B	For the purposes of section 5.53(2)(g) did the annual report of a local government for a financial year contain the number of employees of the local government entitled to an annual salary of $100,000 or more.	Yes		
20	S5.53(2)(g) Admin Reg 19B	For the purposes of section 5.53(2)(g) did the annual report of a local government for a financial year contain the number of those employees with an annual salary entitlement that falls within each band of $10,000 and over $100,000.	Yes		
21	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position of CEO under section 5.36(4).	N/A		
22	Admin Regs 18E	Did the local government ensure checks were carried out to confirm that the information in an application for employmet was true. (Applicable if staff engaged in 2006)	Yes		

Local Laws

Department of Local Government and Regional Development - Compliance Audit Return

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No	Reference	Question	Response	Comments	Respondent
1	s3.12(2) F&G Reg 3	On each occasion that Council resolved to make a local law, did the person presiding at the Council meeting give notice of the purpose and effect of each proposed local law in the manner prescribed in Functions and General Regulation 3.			
2	s3.12(3)(a)	On each occasion that Council proposed to make a local law, did the local government give Statewide and local public notice stating the purpose and effect of the proposed local law			
3	s3.12(3)(a)	Did the local government give Statewide and local public notice stating details of where a copy of the local law may be inspected or obtained.			
4	s3.12(3)(b)	On all occasions, as soon as a Statewide and local public notice was published, did the local government provide a copy of the proposed law, together with a copy of the notice, to the Minister for Local Government and Regional Development	N/A		
5	s3.12(3)(b)	On all occasions, as soon as a Statewide and local public notice was published, did the local government provide a copy of the proposed law, together with a copy of the notice where applicable, to the Minister who administers the Act under which the local law was made.			
6	s3.12(4)	Have all Council's resolutions to make local laws been by absolute majority.			
7	s3.12(4)	Have all Council's resolutions to make local laws been recorded as such in the minutes of the meeting.			
8	s3.12(5)	After making the local law, did the local government publish the local law in the Gazette.			
9	s3.12(5)	After making the local law, did the local government give a copy to the Minister for Local Government and Regional Development and where applicable to the Minister who administers the Act under which the local law was made.			
10	s3.12(6)	After the local law was published in the Gazette, did the local government give local public notice stating the title of the local law.			
11	s3.12(6)	After the local law was published in the Gazette, did the local government give local public notice summarising the purpose and effect of the local law and the day on which it came into operation.			

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No	Reference	Question	Response	Comments	Respondent
12	s3.12(6)	After the local law was published in the Gazette, did the local government give local public notice advising that copies of the local law may be inspected or obtained from its office.	N/A		
13	s3.16(1)	Have all reviews of local laws under section 3.16(1) of the Act been carried out within a period of 8 years.	Yes		
14	s3.16(1)(2)	If the local government carried out a review of a local law under section 3.16 of the Act, to determine whether or not the local law should be repealed or amended, did it give Statewide public notice stating that it intended to review the local law.			
15	s3.16(1)(2)	If the local government carried out a review of a local law under section 3.16 of the Act, to determine whether or not the local law should be repealed or amended, did it give Statewide public notice advising that a copy of the local law could be inspected or obtained at the place specified in the notice.			
16	s3.16(1)(2)	If the local government carried out a review of a local law under section 3.16 of the Act, to determine whether or not the local law should be repealed or amended, did it give Statewide public notice detailing the closing date for submissions about the local law.			
17	s3.16(3)	Did the local government (after the last day for submissions) prepare a report of the review and have it submitted to Council.			
18	s3.16(4	Was the decision to repeal or amend a local law determined by absolute majority on all occasions.			

Meeting Process

No	Reference	Question	Response	Comments	Respondent
1	s2.25(1)(3)	Where Council granted leave to a member from attending 6 or less consecutive ordinary meetings of Council was it by Council resolution.	N/A		
2	s2.25(1)(3)	Where Council granted leave to a member from attending 6 or less consecutive ordinary meetings of Council, was it recorded in the minutes of the meeting at which the leave was granted.			
3	s2.25(3)	Where Council refused to grant leave to a member from attending 6 or less consecutive ordinary meetings of Council, was the reason for refusal recorded in the minutes of the meeting.			

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No	Reference	Question	Response	Comments	Respondent
4	s2.25(2)	Was Ministerial approval sought (on all occasions) before leave of absence was granted to an elected member in respect of more than 6 consecutive ordinary meetings of council.	N/A		
5	s5.4	On all occasions when the mayor or president called an ordinary or special meeting of Council, was it done by notice to the CEO setting out the date and purpose of the proposed meeting;			
6	s5.5	On all occasions when councillors called an ordinary or special meeting of Council was it called by at least 1/3 (one third) of the councillors, by notice to the CEO setting out the date and purpose of the proposed meeting.			
7	s5.5(1)	Did the CEO give each council member at least 72 hours notice of the date, time, place and an agenda for each ordinary meeting of Council.	Yes		
8	s5.5(2)	Did the CEO give each council member notice before the meeting, of the date, time, place and purpose of each special meeting of Council.	Yes		
9	s5.7	Did the local government seek approval (on each occasion as required) from the Minister or his delegate, for a reduction in the number of offices of member needed for a quorum at a Council meeting	N/A		
10	s5.7	Did the local government seek approval (on each occasion as required) from the Minister or his delegate, for a reduction in the number of offices of member required for absolute majorities.			
11	s5.8	Did the local government ensure all Council committees (during the review period) were established by an absolute majority.			
12	s5.10(1)(a)	Did the local government ensure all members of Council committees, during the review period, were appointed by an absolute majority (other than those persons appointed in accordance with section 5.10 (1)(b)).	Yes		
13	s5.10(2)	Was each Council member given their entitlement during the review period, to be appointed as a committee member of at least one committee, as referred to in section 5.9(2)(a) & (b) of the Act.	N/A		
14	s5.12(1)	Were Presiding members of committees elected by the members of the committees (from amongst themselves) in accordance with Schedule 2.3, Division 1 of the Act.	Yes		

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No	Reference	Question	Response	Comments	Respondent
15	s5.12(2)	Were Deputy presiding members of committees elected by the members of the committee (from amongst themselves) in accordance with Schedule 2.3 Division 2 of the Act.	Yes		
16	s5.1[illegible]	Where the local government reduced a quorum of a committee meeting, was the decision made by absolute majority on each occasion.	N/A		
17	s5.21 (4)	When requested by a member of Council or committee, did the person presiding at a meeting ensure an individual vote or the vote of all members present, were recorded in the minutes.	Yes		
18	s5.22 (1)	Did the person presiding at a meeting of a Council or a committee ensure minutes were kept of the meeting's proceedings.			
19	s5.22 (2)(3)	Were the minutes of all Council and committee meetings submitted to the next ordinary meeting of Council or committee, as the case requires, for confirmation.			
20	s5.22(2)(3)	Were the minutes of all Council and committee meetings signed to certify their confirmation by the person presiding at the meeting at which the minutes of Council or committee were confirmed.			
21	s5.23 (1)	Were all council meetings open to members of the public (subject to section 5.23(2) of the Act).			
22	s5.23 (1)	Were all meetings of committees to which a power or duty had been delegated open to members of the public (subject to section 5.23(2) of the Act).	N/A		
23	s5.23(2) (3)	On all occasions, was the reason, or reasons, for closing any Council or committee meeting to members of the public, in accordance with the Act.	Yes		
24	s5.23(2) (3)	On all occasions, was the reason, or reasons, for closing any Council or committee meeting to members of the public recorded in the minutes of that meeting.	Yes		
25	s5.24 (1) AR 5&6	Was a minimum time of 15 minutes allocated for questions to be raised by members of the public and responded to at every ordinary meeting of Council.	N/A		
26	s5.24 (1) AR 5&6	Was a minimum time of 15 minutes allocated for questions to be raised by members of the public and responded to at every special meeting of Council.	N/A		

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No	Reference	Question	Response	Comments	Respondent
27	s5.24 (1) AR 5&6	Was a minimum time of 15 minutes allocated for questions to be raised by members of the public and responded to at every meeting of a committee to which the local government has delegated a power or duty.	Yes		
28	Admin Reg 8	Was a period of 30 minutes allowed from the advertised commencement time before any Council or committee was adjourned due to the lack of a quorum.	N/A		
29	Admin Reg 9	Was voting at Council or committee meetings conducted so that no vote was secret.	Yes		
30	Admin Reg 10(1)	Were all motions to revoke or change decisions at Council or committee meetings supported in the case where an attempt to revoke or change the decision had been made within the previous 3 months but failed, by an absolute majority.			
31	Admin Reg 10(1)	Were all motions to revoke or change decisions at Council or committee meetings supported in any other case, by at least one third of the number of officers of member (whether vacant or not) of the Council or committee.			
32	Admin Reg 10(2)	Were all decisions to revoke or change decisions made at Council or committee meetings made (in the case where the decision to be revoked or changed was required to be made by an absolute majority or by a special majority), by that kind of majority.			
33	Admin Reg 10(2)	Were all decisions to revoke or change decisions made at Council or committee meetings made in any other case, by an absolute majority.			
34	Admin Reg 11	Did the contents of minutes of all Council or committee meetings include the names of members present at the meeting.			
35	Admin Reg 11	Did the contents of minutes of all Council or committee meetings include where a member entered or left the meeting, the time of entry or departure, as the case requires, in the chronological sequence of the business of the meeting.			
36	Admin Reg 11	Did the contents of minutes of all Council or committee meetings include details of each motion moved at the meeting, including details of the mover and outcome of the motion.			
37	Admin Reg 11	Did the contents of minutes of all Council or committee meetings include details of each decision made at the meeting.			

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No	Reference	Question	Response	Comments	Respondent
38	Admin Reg 11	Did the contents of the minutes of all Council or committee meetings include, where the decision was significantly different from written recommendation of a committee or officer, written reasons for varying that decision.	Yes		
39	Admin Reg 11	Did the contents of minutes of all Council or committee meetings include a summary of each question raised by members of the public and a summary of the response given.	N/A		
40	Admin Reg 11	Did the contents of minutes of all Council or committee meetings include in relation to each disclosure made under sections 5.65 or 5.70, where the extent of the interest has been disclosed, the extent of the interest.	Yes		
41	Admin Reg 12(1)	Did the local government, at least once during the period covered by this return, give local public notice for the next twelve months of the date, time and place of ordinary Council meetings.	Yes		
42	Admin Reg 12(1)	Did the local government, at least once during the period covered by this return, give local public notice for the next twelve months of the date, time and place of those committee meetings that were required under the Act to be open to the public or that were proposed to be open to the public.	N/A		
43	Admin Reg 12(2)	Did the local government give local public notice of any changes to the dates, time or places referred to in the question above.			
44	Admin Reg 12(3) (4)	In the CEO's opinion, where it was practicable, were all special meetings of Council (that were open to members of the public) advertised via local public notice.			
45	Admin Reg 12(3) (4)	Did the notice referred to in the question above include details of the date, time, place and purpose of the special meeting.			
46	Admin Reg 13	Did the local government make available for public inspection unconfirmed minutes of all Council meetings within 10 business days after the Council meetings.	Yes		
47	Admin Reg 13	Did the local government make available for public inspection unconfirmed minutes of all committee meetings within 5 business days after the committee meetings.			
48	Admin Reg 14(1) (2)	Were notice papers, agenda and other documents relating to any Council or committee meeting, (other than those referred to in Admin Reg 14(2)) made available for public inspection.			

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No	Reference	Question	Response	Comments	Respondent
49	Admin Reg 14A	On all occasions where a person participated at a Council or committee meeting by means of instantaneous communication, (by means of audio, telephone or other instantanious contact) as provided for in Administration Regulation 14A, did the Council approve of the arrangement by absolute majority.	N/A		
50	Admin Reg 14A	On all occasions where a person participated at a Council or committee meeting by means of instantaneous communication, (as provided for in Administration Regulation 14A) was the person in a suitable place as defined in Administration Regulation 14A(4)			
51	s5.27(2)	Was the annual general meeting of electors held within 56 days of the local government's acceptance of the annual report for the previous financial year.			
52	s5.29	Did the CEO convene all electors' meetings by giving at least 14 days local public notice and each Council member at least 14 days notice of the date, time, place and purpose of the meeting.			
53	s5.32	Did the CEO ensure the minutes of all electors' meetings were kept and made available for public inspection before the Council meeting at which decisions made at the electors' meeting were first considered.			
54	s5.33(1)	Were all decisions made at all electors' meetings considered at the next ordinary Council meeting, or, if not practicable, at the first ordinary Council meeting after that, or at a special meeting called for that purpose.			
55	s5.33(2)	Were the reasons for Council decisions in response to decisions made at all electors' meetings recorded in the minutes of the appropriate Council meeting.			
56	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all token gifts received by Council members and employees.	Yes		
57	s5.103	Has the local government reviewed its code of conduct in the 12 months immediately following each ordinary election day. (Please advise of the Date of Review in the comments column. If the review has not been done please indicate when the review will be undertaken).	N/A		

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Miscellaneous Provisions

No	Reference	Question	Response	Comments	Respondent
1	s9.4	Has each person who received an unfavourable decision from Council, or from an employee of the local government exercising delegated authority, (that is appealable under Part 9 of the Act) been informed of his or her right to object and appeal against the decision.	N/A		
2	s9.29(2)(b)	On all occasions, were those employees who represented the local government in court proceedings, appointed in writing by the CEO.	N/A		

Tenders for Providing Goods and Services

No	Reference	Question	Response	Comments	Respondent
1	s3.57 F&G Reg 11	Did the local government invite tenders on all occasions (before entering into contracts for the supply of goods or services) where the consideration under the contract was, or was expected to be, worth more than $50,000. (Subject to Functions and General Regulation 11(2))	Yes		
2	F&G Reg 12	Is the local government aware of any occasion in which it entered into 2 or more contracts to avoid the requirements to call tenders in accordance with F&G Reg 11(1).	No		
3	F&G Reg 14(1)	Did the local government invite tenders via Statewide public notice.	Yes		
4	F&G Reg 14(3)	Did all the local government's invitations to tender include a brief description of the goods and services required and contact details for a person from whom more detailed information could be obtained about the tender.	Yes		
5	F&G Reg 14(3)	Did all the local government's invitations to tender include information as to where and how tenders could be submitted.	Yes		
6	F&G Reg 14(3)	Did all the local government's invitations to tender include the date and time after which tenders would not be accepted.	Yes		
7	F&G Reg 14(3)(4)	Did the local government ensure information was made available to all prospective tenderers concerning detailed specifications of the goods or services required.	Yes		
8	F&G Reg 14(3)(4)	Did the local government ensure information was made available to all prospective tenderers of the criteria for deciding which tender would be accepted.	Yes		

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No	Reference	Question	Response	Comments	Respondent
9	F&G Reg 14(3)(4)	Did the local government ensure information was made available to all prospective tenderers about whether or not the local government had decided to submit a tender.	N/A		
10	F&G Reg 14(3)(4)	Did the local government ensure information was made available to all prospective tenderers on whether or not tenders were allowed to be submitted by facsimile or other electronic means and if so, how tenders were to be submitted.	Yes		
11	F&G Reg 14(3)(4)	Did the local government ensure all prospective tenderers had any other information that should be disclosed to those interested in submitting a tender.			
12	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer, notice of the variation.			
13	F&G Reg 15	Following the publication of the notice inviting tenders, did the local government allow a minimum of 14 days for tenders to be submitted.			
14	F&G Reg 16(1)	Did the local government ensure that tenders submitted, (including tenders submitted by facsimile or other electronic means) were held in safe custody.			
15	F&G Reg 16(1)	Did the local government ensure that tenders submitted, (including tenders submitted by facsimile or other electronic means) remained confidential.	Yes		
16	F&G Reg 16 (2)& (3)(a)	Did the local government ensure all tenders received were not opened, examined or assessed until after the time nominated for closure of tenders.			
17	F&G Reg 16 (2)& (3)(a)	Did the local government ensure all tenders received were opened by one or more employees of the local government or a person authorised by the CEO.			
18	F&G Reg 16 (3)(b)	Did the local government ensure members of the public were not excluded when tenders were opened.			
19	F&G Reg 16 (3)(c)	Did the local government record all details of the tender (except the consideration sought) in the tender register immediately after opening.			
20	F&G Reg 18(1)	Did the local government reject the tenders that were not submitted at the place, and within the time specified in the invitation to tender.			

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No	Reference	Question	Response	Comments	Respondent
21	F&G Reg 18 (4)	In relation to the tenders that were not rejected, did the local government assess which tender to accept and which tender was most advantageous to the local government to accept, by means of written evaluation criteria.	Yes		
22	F&G Reg 17 (2) & (3)	Does the local government's Tender Register include (for each invitation to tender) a brief description of the goods or services required.			
23	F&G Reg 17 (2) & (3)	Does the local government's Tender Register include (for each invitation to tender) particulars of the decision made to invite tenders and if applicable the decision to seek expressions of interest under Regulation 21(1).			
24	F&G Reg 17 (2) & (3)	Does the local government's Tender Register include (for each invitation to tender) particulars of any notice by which expressions of interest from prospective tenderers were sought and any person who submitted an expression of interest.	N/A		
25	F&G Reg 17 (2) & (3)	Does the local government's Tender Register include (for each invitation to tender) any list of acceptable tenderers that was prepared under regulation 23(4)	Yes		
26	F&G Reg 17 (2) & (3)	Does the local government's Tender Register include (for each invitation to tender) a copy of the notice of invitation to tender.			
27	F&G Reg 17 (2) & (3)	Does the local government's Tender Register include (for each invitation to tender) the name of each tenderer whose tender was opened.			
28	F&G Reg 17 (2) & (3)	Does the local government's Tender Register include (for each invitation to tender) the name of the successful tenderer.			
29	F&G Reg 17 (2) & (3)	Does the local government's Tender Register include (for each invitation to tender) the amount of consideration or the summary of the amount of the consideration sought in the accepted tender.			
30	F&G Reg 19	Was each tenderer sent written notice advising particulars of the successful tender or advising that no tender was accepted.			
31	F&G Reg 21(3)	On each occasion that the local government decided to invite prospective tenderers to submit an expression of interest for the supply of goods or services, did the local government issue a Statewide public notice.	N/A		

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No	Reference	Question	Response	Comments	Respondent
32	F&G Reg 21(4)	Did all public notices inviting an expression of interest, include a brief description of the goods and services required.			
33	F&G Reg 21(4)	Did all public notices inviting an expression of interest, include particulars of a person from whom more detailed information could be obtained.			
34	F&G Reg 21(4)	Did all public notices inviting an expression of interest, include information as to where and how expressions of interest could be submitted.			
35	F&G Reg 21(4)	Did all public notices inviting an expression of interest, include the date and time after which expressions of interest would not be accepted.			
36	F&G Reg 22	Following the publication of the notice inviting expressions of interest, did the local government allow a minimum of 14 days for the submission of expressions of interest.	N/A		
37	F&G Reg 23(1)	Did the local government reject the expressions of interest that were not submitted at the place and within the time specified in the notice.			
38	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services.			
39	F&G Reg 24	Was each person who submitted an expression of interest, given a notice in writing in accordance with Functions & General Regulation 24.			
40	F&G Reg 24E	Where the local government gave a regional price preference in relation to a tender process, did the local government prepare a proposed regional price preference policy (only if a policy had not been previously adopted by Council).			
41	F&G Reg 24E	Where the local government gave a regional price preference in relation to a tender process, did the local government give Statewide public notice of its intention to have a regional price preference policy and include in that notice the region to which the policy is to relate (only if a policy had not been previously adopted by Council).			
42	F&G Reg 24E	Where the local government gave a regional price preference in relation to a tender process, did the local government include in the notice details of where a complete copy of the proposed policy may be obtained (only if a policy had not been previously adopted by Council).			

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No	Reference	Question	Response	Comments	Respondent
43	F&G Reg 24E	Where the local government gave a regional price preference in relation to a tender process, did the local government include in the notice a statement inviting submissions commenting on the proposed policy, together with a closing date of not less than 4 weeks for those submissions (only if a policy had not been previously adopted by Council).	N/A		
44	F&G Reg 24E	Where the local government gave a regional price preference in relation to a tender process, did the local government make a copy of the proposed regional price preference policy available for public inspection in accordance with the notice (only if a policy had not been previously adopted by Council).	N/A		

ATTACHMENT TWO

TO ITEM 9.2.3

ORDINARY COUNCIL MEETING

26 APRIL 2007

INDEPENDENT AUDITOR REPORT

AUDIT-IN-CONFIDENCE

MINDARIE REGIONAL COUNCIL

2006 COMPLIANCE AUDIT RETURN

FINAL AUDIT REPORT

INTRODUCTION

1. The Department of Local Government Act 1995 requires a local government authority to carry out a compliance audit for the period 1 January to 31 December. As requested by the Chief Executive Officer of the Mindarie Regional Council (MRC), WW Consulting has completed the return for the 2006 calendar year. The Compliance Return is to be –

- Presented to council at a meeting of Council
- Adopted by the Council
- Recorded in the minutes of the meeting at which it is adopted.

2. The Department of Local Government and Regional Development has recently increased the comprehensive nature of its Annual Compliance Return. The 2006 Compliance Return comprises 249 questions covering 10 areas with the MRC achieving a high level of compliance. It is noted that the 2005 Compliance Return comprised 189 questions. The results of the independent 2006 compliance audit are as follows.

Section	Section Name	Yes answers	No answers	Not Applicable answers	Total
a)	Local Laws	6	0	12	18
b)	Tenders for providing Goods and Services	27	1	16	44
c)	Commercial Enterprises by Local Governments	5	0	0	5
d)	Meeting Processes	29	0	28	57
e)	Delegation of Power/Duty	8	0	5	13
f)	Disclosure of Interest	8	3	2	13
g)	Finance	40	5	28	73
h)	Local Government Employees	6	5	11	22
i)	Disposal of Property	1	0	1	2
j)	Miscellaneous Provisions	0	0	2	2
Total		**130**	**14**	**105**	**249**

It is noted that of the 14 "No" answers, 12 represented unfavourable outcomes and 2 represented "favourable" outcomes.

AUDIT OBJECTIVE

3. The Audit covered the period 1 January to 31 December 2006.

4. This audit involved completion of the standard and current Compliance Return of the Department of Local Government and Regional Development and involved:

- Interviews with relevant staff members.
- Review of agendas and minutes.
- Review of supporting documentation and records.
- Testing on a sample basis, where applicable, of the degree of compliance with the requirements of the Compliance Return.

POSITIVE DEVELOPMENTS

5. Normally, most Local Government Authorities complete their annual Compliance Return using internal resources.

6. The Chief Executive Officer requested WW Consulting to complete the 2006 Compliance Return to obtain an independent review and to thus maximise the continuous improvement benefits particularly as MRC filled the senior management position of Administrative Services Coordinator in early 2006. It is also noted that in 2006, the MRC was required to fill two other administrative positions that had been previously held by long serving employees.

Instances of Non Compliance

7. The review identified 12 instances of procedural non-compliance with the 249 individual requirements of the Compliance Return.

Observation 1	Local Government Employees	Page 5
Observation 2	Finance	Page 6
Observation 3	Disclosure of Interest	Page 8
Observation 4	Best Practice matters	Page 9

8. Details of non-compliance matters are reported from page 5.

CONCLUSION

9. Overall, the MRC has a high level of compliance with the requirements of the annual return of the Department of Local Government and Regional Development. The audit however identified a number of areas of non-compliance that will present opportunities for continuous improvement in 2007.

10. WW Consulting would like to thank the MRC staff members for their professional, courteous and prompt assistance during the audit, particularly Kalwant Dhillon and Suzanne Bush.

.....
WW Consulting
5 April 2007

Observation 1 – Local Government Employees

1.1 Compliance Return Requirement

Questions 14 and 15 on page 12 of the Annual Compliance Return asks "Did the contract for the CEO details the maximum amount of money payable if the contract is terminated before the expiry date and the amount is the lesser of the value of –

- One year's remuneration under the contract ; or
- The value of the remuneration they would be entitled to had the contract not been terminated.

(with reference to Section 5.39 and Administration regulation 18 B of the Local Government Act 1995)."

1.2 Details of non - compliance

Clause 8.2 of the CEO's contract states that if the MRC terminates the CEO's contract then the balance of the remuneration is payable.

This is considered to be a technical breach in 2006 as this matter has been addressed on 18/1/07 per clause 14.2 of the new contract for the CEO.

1.3 Compliance Return Requirement

Questions 16 and 17 on page 12 of the Annual Compliance Return asks "Did Council adopt a **policy** relating to employees whose employment terminates, setting out -

- The circumstances in which council would pay an additional amount to that which the employee is entitled under a contract or award ; and
- The manner of assessment of an additional amount."

(with reference to Section 5.50(1) of the Local Government Act 1995)."

1.4 Details of non - compliance

The MRC **Policies** do not address this compliance requirement.

It is noted that the MRC does cover this matter to some extent by the following –

- Operating Procedure G7 "Conditions of Employment" refers to Termination issues being governed by the relevant award ; and
- Delegation G4 covers "Retirement Presentations" and limits such presentations to employees with satisfactory service of 10 years or more.

Observation 2 – Finance

2.1 Compliance Return Requirement

Question 4 on page 4 of the Annual Compliance Return asks "Did the CEO give local public notice of the availability of the annual report as soon as practicable after the local government accepted the report." (with reference to Section 5.55 of the Local Government Act 1995).

2.2 Details of non - compliance

The MRC approved the 2005 Annual Report at its Ordinary Council meeting on 8/12/05. The MRC advertising file, CMR/4, contained a copy of the required public notice that was dated 6/5/06 being some 149 days after the Council approval. This time lag is not considered to be "as soon as practicable".

2.3 Compliance Return Requirement

Question 5 on page 4 of the Annual Compliance Return asks "Has the local government made a plan for the future of its district in respect of the period specified in the plan, being at least 2 financial years (with reference to Section 5.56 of the Local Government Act 1995 Administration Regulation 19C(2).

2.4 Details of non - compliance

The MRC at its Ordinary Council meeting on 27/4/06 approved a Business Plan per agenda item 9.1.4. This plan covered a single year being the 12 months ending 30/6/07 and not the required 2 year period.

2.5 Compliance Return Requirement

Question 19 on page 5 of the Annual Compliance Return asks "Was the 2006/2007 budget forwarded to the Department of Local Government and Regional Development within 30 days of its adoption (with reference to Financial Management Regulation 33)".

2.6 Details of non - compliance

The MRC at its Ordinary Council meeting on 17/8/06 approved the 2006/2007 budget per agenda item 9.1.4. The budget was forwarded to Department of Local Government and Regional Development on 21/9/06 being 35 days after its adoption.

Observation 2 – Finance (continued)

2.7 Compliance Return Requirement

Questions 46 and 47 on page 8 of the Annual Compliance Return asks "Has the local government developed procedures for the authorisation of, and the payment of, accounts to ensure that there is effective security for and properly authorised use of -

- Cheques, credit cards, computer encryption devices and passwords, purchasing cards and other devices or methods by which goods, services, money or other benefits may be obtained ; and
- Petty cash systems

(with reference to Financial Management Regulation 11(1) of the Local Government Act 1995)."

2.8 Details of non - compliance

MRC has the following corporate procedures –

- C2 covering Accounting including accounts payable ; and
- C3 covering purchasing

that adequately cover the authorisation and payment of accounts however they do not cover the security requirements to prevent "unauthorised use" of the above devices

Observation 3 – Disclosure of Interest

3.1 Compliance Return Requirement

Question 6 on page 3 of the Annual Compliance return asks "Was an annual return lodged by all continuing elected members by 31/8/06 (with reference to Section 5.76 (1) of the Local Government Act 1995 and Administration Regulation 23)."

3.2 Details of non - compliance

Six continuing elected members lodged their annual returns, per the Gov/5-02 file on 7, 8 and 28 September 2006 respectively.

3.3 Compliance Return Requirement

Question 10 on page 3 of the Annual Compliance Return asks "Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70 and 5.71, in the form prescribed in Administration Regulation 28 (with reference to Section 5.88 (1), (2) and Administration Regulation 2 of the Local Government Act 1995).

3.4 Details of non - compliance

A Councillor at the 4/5/05 Special Council meeting declared an interest as a family member worked for a legal firm. This interest was not recorded in the Register of Financial Interests.

3.5 Compliance Return Requirement

Question 1 on page 2 of the Annual Compliance return asks "If a member disclosed an interest, did he/she ensure they did not remain present to participate in any discussion or decision making procedure relating to the matter in which the interest was disclosed (with reference to Section 5.67 of the Local Government Act 1995."

3.6 Details of non - compliance

A Councillor at the 4/5/05 Special Council meeting declared an interest as a family member worked for a legal firm. There were 11 Councillors present at this meeting. The sole agenda item at this Special Council meeting was carried 11/0 indicating the Councillor who declared an interest participated in the decision making process. A similar breach occurred in 2005.

This issue would not have been problematical if the other Councillors agreed that the declaring Councillor could participate in the decision making process and this was duly recorded in the minutes.

The Chief Executive Officer advised that the other Councillors had verbally agreed the declaring Councillor could participate in the decision making process and that in the future such agreement would be minuted.

Observation 4 - Best Practice Matters

The following matters are not a breach of the requirements of the Annual Compliance Return but are reported as opportunities for improvement to MRC practices.

4.1 Audit Committee

The MRC Audit Committee met once in 2006 being on 14/6/06. The Committee did not formally meet to discuss the audited annual report for 2006.

The current Audit Committee has 3 members with 2 members attending their meeting on 14/6/06.

4.2 Recommendation

The Audit Committee should meet before the auditors commence their financial statement audit and on completion of their audit.

Consideration be given to have an additional member of the Audit Committee to reduce the risk of having to reconvene a meeting due to not having a quorum and to broaden the focus on audit matters.

4.3 Public Notice for Tenders

A public notice was placed in the West Australian on 18/2/06 inviting tenders for the "supply and delivery of a new skid steer loader with trade in" being tender numbered 13/74.

This notice did not include details of how tenders were to be submitted.

The public notice for other 2006 tenders, numbered 13/75 and 13/76, stated that tenders should be presented in a sealed envelope and that tenders submitted by facsimile or other electronic means will not be accepted.

4.4 Recommendation

Public notices should always state that tenders are to be submitted in a sealed envelope and that tenders submitted by facsimile or other electronic means will not be accepted.

ITEM 9.2.4 ESTABLISHMENT AGREEMENT

File No: LEG/2

Attachment(s): 1. City of Wanneroo letter
2. City of Stirling letter

Author: Kevin Poynton

SUMMARY

The purpose of this Item is to provide Council with new information on the development of an appropriate Establishment Agreement (EA).

BACKGROUND

The Mindarie Regional Council, whilst not a signatory to either the existing Constitution or proposed Establishment Agreement, has been facilitating discussion between officer representatives of Member Councils, in order to develop an appropriate Establishment Agreement.

Both City of Stirling and City of Wanneroo have suggested potential improvements to the existing draft Establishment Agreement.

These improvements were discussed at a workshop in March 2007 and a 'way ahead' agreed by those officers in attendance.

DETAIL

City of Stirling Suggestions

These suggestions from City of Stirling related mainly to potential improvements to those financial rules contained in the Establishment Agreement. Workshop attendees agreed that these ideas were worthy of further investigation, and this work will be included in a Discussion Paper for consideration at a further workshop in May 2007.

City of Wanneroo Suggestions

The City of Wanneroo suggestions are described in the letter at Attachment One, and include the idea of a governance review of the Mindarie Regional Council, for execution by Department Local Government & Regional Development (DLGRD).

Workshop attendees agreed that the decision to initiate such a review was one for the Mindarie Regional Council. However, the attendees agreed that this consideration could proceed concurrently with other work associated with the draft Establishment Agreement.

DLGRD Position

CEO Mindarie Regional Council has held discussions with Mr Daryl Forrest, an officer at DLGRD, who has advised as follows:

- That DLGRD is reluctant to initiate governance reviews without good cause
- That a more appropriate approach to this matter, particularly in relation to Member Council representation on Mindarie Regional Council, is via an investigation by the Local Government Advisory Board (LGAB).

Related Matters

The annual DLGRD compliance audit has been completed for Mindarie Regional Council by an independent auditor, and a separate report on this matter is contained in this Agenda. A potential conclusion from this work is that Mindarie Regional Council governance is of a high standard. Thus, a governance review, per se, would not seem to be justified.

COMMENT

The CEO has conducted informal discussions with City of Wanneroo representatives in an attempt to clarify the City's issues.

The CEO has concluded that the major issue is representation on Mindarie Regional Council – in short, City of Wanneroo have a view that their representation i.e. two Councillors, is disproportionately low.

Moreover, the City is unlikely to 'sign off' on any draft Establishment Agreement until this matter is dealt with, which potentially eliminates the 'do nothing' option.

Given the advice from DLGRD staff, the most attractive option is as follows:

- Continue the developmental work associated with the draft Establishment Agreement, in relation to those issues raised at the March workshop i.e. financial, project arrangements
- Concurrently, liaise with the LGAB on an appropriate approach to investigate matters suggested by City of Wanneroo, particularly representation

RECOMMENDATION

That Council:

(i) **note the correspondence from the City of Wanneroo at Attachment One to this Item**

(ii) **approve an approach to this matter, and other matters related to the development of an Establishment Agreement as follows:**

(a) **continue the developmental work associated with the draft Establishment Agreement, in relation to those issues raised at the March workshop i.e. financial, project arrangements**

(b) **concurrently, liaise with the LGAB on an appropriate approach to investigate matters suggested by City of Wanneroo, particularly representation**

ATTACHMENT ONE

TO ITEM 9.2.4

ORDINARY COUNCIL MEETING

26 APRIL 2007

CITY OF WANNEROO LETTER

City of Wanneroo

MRC Date Rec'd: 13/2/07
File:
Doc:

File Ref: S/0073V13 (579239)
Your Ref:
Enquiries: Robert Elliott

7 February 2007

Kevin Poynton
Chief Executive Officer
Mindarie Regional Council
PO Box 538
JOONDALUP WA 6919

Dear Kevin

MIDARIE REGINAL COUNCIL ESTABLISHMENT AGREEMENT DECEMBER 2006 COUNCIL MEETING RESOLUTION

At its meeting in 31 January 2007, the City of Wanneroo approved the following resolution at item IN-01/07 in relation to the Mindarie Regional Council Establishment Agreement.

That Council Requests that Mindarie Regional Council to give urgent consideration to facilitating the development of a new Establishment Agreement and recommends that it requests the Department of Local Government and Regional Development to undertake a governance review of the Mindarie Regional Council governance model as part of this process.

Yours sincerely

Charles Johnson
Chief Executive Officer

ODMA\PCDOCS\COW\5792392

23 Dundebar Road, Wanneroo WA 6065 • Locked Bag 1, Wanneroo WA 6946
Telephone (08) 9405 5000 Facsimile (08) 9405 5499 Website www.wanneroo.wa.gov.au

ATTACHMENT TWO

TO ITEM 9.2.4

ORDINARY COUNCIL MEETING

26 APRIL 2007

CITY OF STIRLING LETTER

2051 LEG/2

City of Stirling
City Clerk

Enquiries: Lindsay Delehaunty – (08) 9345 6601

Your Ref: N/A

19 July 2006

Mr K Poynton
Chief Executive Officer
Mindarie Regional Council
PO Box 538
JOONDALUP WA 6919

Dear Mr Poynton

MINDARIE REGIONAL COUNCIL – ESTABLISHMENT AGREEMENT

The Council of the City of Stirling has recently reviewed the MRC Establishment Agreement in reference to the request by the MRC Council that participants consider providing guarantees required to facilitate completion of contracts for the secondary waste treatment plant at Neerabup.

Review of the Establishment Agreement has also taken account of the current financial precepts, the conflict between those precepts and provisions in the Establishment Agreement and the existing dilemma of adjusting user fees to ensure balance budget for the MRC at the end of each financial year.

Four matters have been predominant in the Council's consideration:

- The proposed Establishment Agreement clause 8 currently provides that any deficit at the end of the financial year can be made up in the following financial year from a draw upon participants based upon equity shares.
  - The financial precepts are in direct conflict with this provision. The precepts suggest that there will be an adjustment of deficits based upon tonnes of refuse deposited by users.
  - The financial precepts express the logical method of adjusting deficits. The Establishment Agreement should be altered to reflect the intent of the financial precepts.
  - For City of Stirling this matter is particularly relevant as City of Stirling will not be taking members refuse to the Neerabup secondary waste treatment facility. If circumstances arise where a deficit relates to a shortfall of user fees for the secondary waste treatment facility, the Establishment Agreement could result in a demand for one third of the deficit being levied against City of Stirling.
- The MRC has now adopted a proposal whereby deficits identified in one financial year could be adjusted over the following two financial years. As at 30 June 2006 this procedure has resulted in a deficit of working capital for MRC exceeding, at one time, an amount in the order of $2M.

- 2 -

- The MRC is currently expanding its loan indebtedness on the basis that it has a deficiency of funds to pay for continuing landfill excavations. The deficit of working capital is therefore having a detrimental effect on the MRC credit rating and financial ability to meet current operating requirements.
- In the circumstances where substantial deficits have been allowed to develop and where policy allows those deficits to continue, the City of Stirling and other participants could likely be concerned about the ability of the MRC to meet monthly operating expense payments to the contractor providing services at the secondary waste treatment plant at Neerabup.
- Given that non-payment of monthly operating accounts to the contractor is one of the triggers to enable the contractor withdraw and require the MRC to buy out the secondary waste treatment plant, an improvement to ensure that operating expenditures can be met, and met on a timely basis, is necessary.

- The MRC has taken up loans of $5.5M in the past 2 years and has recently approved an expansion of loan debt to $17M
  - The MRC has recently made a resolution requiring participant Councils to meet debt service instalments in accordance with equity shares.
  - The City of Stirling is concerned about this resolution on two grounds:
    - Interest on loans, is by accounting convention, an operating expenditure. The interest should be charged as an operating item in annual budgets and factored into user fees.
    - The expenditures from borrowed funds are not all made in respect of capital expenditures. Only capital items should be subject of loans. Capital should be identified as either non-recoverable equity contributions or as equity that will be recouped, over time, through depreciation or amortisation. It should be recognised that the recoup of capital will be made on the basis of use through participant fees when charged as depreciation or amortisation in operating expenditure. Only capital items that will be returned to equity capital in the MRC 'business' should be charged to owners in equity shares.
- There is currently no value being placed upon the utilisation of the Tamala Park landfill. Recovery of excavation costs is being achieved by amortisation of the cost incurred to make excavations. However, the airspace achieved by the excavation and fill above the excavation has not been valued and the different use rates by participants of this space is not adjusted in any way. For example, if a one twelfth equity owner utilises one third of the annual landfill space, the additional utilisation should be subject of some compensation to the remaining equity owners. There should also be a specific amount factored into casual tipping fees to reflect a premium on utilisation of landfill space.

The City of Wanneroo has recently proposed changes to the Establishment Agreement to make specific reference to money retained from annual operating surpluses.

The change proposed by Wanneroo is significant in context of the Establishment Agreement, although it does largely reflect elements of the current financial precepts. The change to the Establishment Agreement should be specifically endorsed by all participant local governments

- 3 -

City of Stirling is proposing that, along with the changes proposed by City of Wanneroo, that the existing financial precepts, modified in points one and two in the extract of City of Stirling Council minutes of 4 July 2006, be all included in an amendment to the Establishment Agreement.

The Council resolution of 4 July 2006 is as follows:

1. That the Council RECOMMEND to the Mindarie Regional Council the inclusion of financial precepts in the Establishment Agreement to strengthen the financial viability of the Mindarie Regional Council and to promote equity in contributions and surplus distribution to or from participants.
2. That the financial precepts to be INCLUDED be those listed as (a-j) under the Comment section of this report; as follows:

   a. Operating budgets should recover all annual expenditure
   b. Member fees should be adjusted following a budget review
   c. Member fees should be set conservatively
   d. Casual user fees should be set to reflect full cost recovery
   e. Operating costs should include depreciation, amortisation and interest on borrowings
   f. Operating costs should include provision for incurred liabilities
   g. Lease fees should be brought to account according to equity shares
   h. Revenue factors offsetting operating costs are:
      - Member landfill fees
      - Fees from the recycling station
      - Fees from gas production
      - Fees from sale of raw (not value added) material such as sand and limestone
      - Casual user fees to the extent that they reflect actual operating costs
   i. Capital requirements of the Council can be met by the following:
      - Temporary utilisation of cash backed reserves
      - Loan borrowings. Capital repayment obligations must be provided annually either out of surpluses generated from the business or by injection of equity funds from the business owners (note that interest is an operating expense)
      - By planned injection of additional capital through:
        - Premium payments which can be levied as part of member landfill fees (adjusted at the end of the year to reflect equity proportions)
        - Retention of a nominated percentage of surplus funds normally available for distribution to participants in equity shares, either as straight equity contribution or into a capital reserve fund. Expenditure for capital purposes will be reflected as an increase in owner equity
        - Direct equity contributions according to equity shares
   j. Equity contributions that will never be subject of recovery through amortisation or depreciation should not be subject of interest.

- 4 -

The proposed changes to the Establishment Agreement will achieve the following:

1. Remedy of the four items of major concern listed at the head of this letter;
2. A sound financial basis for MRC operations;
3. Certainty in managing MRC financial affairs. This will provide contrast to past practice where adjustment of financial precepts by a simple Council resolution has led to inconsistency, confusion and a severe strain on provision of working capital for MRC;
4. A sound legal basis upon which the City of Stirling can confidently consider the provision of a financial guarantee to the operators of the secondary waste treatment plant at Neerabup in respect of the contract requirement that MRC is able to meet its monthly financial obligations for processing of waste at the Neerabup plant;
5. Through the incorporation into the Establishment Agreement of provisions relating to retention of surplus funds, a stronger financial base for meeting ongoing capital requirements of the Council.

The City of Stirling requests that the issue of change to the Establishment Agreement be taken up with all participants prior to resolution of guarantee provisions for the completion of the secondary waste treatment contract.

For your reference, an extract of City of Stirling Council minutes of 4 July 2006 relating to this item is enclosed.

Yours sincerely

L Delahaunty
CHIEF EXECUTIVE OFFICER

Encl.

11.2/A2 MINDARIE REGIONAL COUNCIL ESTABLISHMENT AGREEMENT

Report Information

Location:	Not Applicable
Applicant:	Not Applicable
Reporting Officer:	Deputy Chief Executive Officer
Business Unit:	Deputy Chief Executive Officer
Ward:	Not Applicable

Council Resolution

Moved Councillor Ham, seconded Councillor Daniel.

1. That the Council RECOMMEND to the Mindarie Regional Council the inclusion of financial precepts in the Establishment Agreement to strengthen the financial viability of the Mindarie Regional Council and to promote equity in contributions and surplus distribution to or from participants.
2. That the financial precepts to be INCLUDED be those listed as (a-j) under the Comment section of this report; as follows:

   a. Operating budgets should recover all annual expenditure
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   g. Lease fees should be brought to account according to equity shares
   h. Revenue factors offsetting operating costs are:
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      - By planned injection of additional capital through:
        - Premium payments which can be levied as part of member landfill fees (adjusted at the end of the year to reflect equity proportions)

- Retention of a nominated percentage of surplus funds normally available for distribution to participants in equity shares, either as an straight equity contribution or into a capital reserve fund expenditure for capital purposes will be reflected as an increase in owner equity
- Direct equity contributions according to equity shares

j. Equity contributions that will never be subject of recovery through amortisation or depreciation should not be subject of interest

The motion was put and declared CARRIED.

Committee Recommendation

1. That the Council RECOMMEND to the Mindarie Regional Council the inclusion of financial precepts in the Establishment Agreement to strengthen the financial viability of the Mindarie Regional Council and to promote equity in contributions and surplus distribution to or from participants.
2. That the financial precepts to be INCLUDED be those listed as (a-j) under the Comment section of this report; as follows:

a. Operating budgets should recover all annual expenditure
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   - By planned injection of additional capital through:
     - Premium payments which can be levied as part of member landfill fees (adjusted at the end of the year to reflect equity proportions)
     - Retention of a nominated percentage of surplus funds normally available for distribution to participants in equity shares, either as an straight equity contribution or into a capital reserve fund expenditure for capital purposes will be reflected as an increase in owner equity
     - Direct equity contributions according to equity shares
j. Equity contributions that will never be subject of recovery through amortisation or depreciation should not be subject of interest

Officer's Recommendation

1. That the Council RECOMMEND to the Mindarie Regional Council the inclusion of financial precepts in the Establishment Agreement to strengthen the financial viability of the Mindarie Regional Council and to promote equity in contributions and surplus distribution to or from participants
2. That the financial precepts to be INCLUDED be those listed as (a-j) under the Comment section of this report; as follows:

   a. Operating budgets should recover all annual expenditure
   b. Member fees should be adjusted following a budget review
   c. Member fees should be set conservatively
   d. Casual user fees should be set to reflect full cost recovery
   e. Operating costs should include depreciation, amortisation and interest on borrowings
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      - Fees from sale of raw (not value added) material such as sand and limestone
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      - By planned injection of additional capital through:
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        - Retention of a nominated percentage of surplus funds normally available for distribution to participants in equity shares, either as an straight equity contribution or into a capital reserve fund expenditure for capital purposes will be reflected as an increase in owner equity
        - Direct equity contributions according to equity shares
   j. Equity contributions that will never be subject of recovery through amortisation or depreciation should not be subject of interest

Report Purpose

To address issues relating to the Mindarie Regional Council Establishment Agreement and, particularly, financial provisions relating to annual deficits or surpluses.

Relevant Documents

Attachments: Proposed MRC Establishment Agreement & Deed (2004)
Proposed additions to Proposed MRC Establishment Agreement (2004) – City of Wanneroo

Available for viewing at the meeting: Existing MRC Establishment Agreement

Tax sheet: Nil.

Background

The Mindarie Regional Council was established in 1987. The first Agreement setting out the participants dates at that time.

The Establishment Agreement has been amended to reflect the changing equity interest of local governments consequent upon the division of City of Perth and then the old City of Wanneroo.

By a variation made in 1996 the participants agreed to grant to the MRC power to borrow thereby invoking provisions of the Local Government Act involving the participants in liabilities for debt service arrangements established by the MRC.

The current proposed Establishment Agreement has received approval of 6 of the 7 participant Councils including City of Stirling. The City of Wanneroo has been considering the Establishment Agreement and has recently proposed amendments to the manner in which surpluses are dealt with. An explanatory note from Watts & Woodhouse solicitors, together with the Amendment proposed by the City of Wanneroo, is included as an attachment to the proposed MRC Establishment Agreement.

The most recent changes that have been approved by 6 of the 7 participants were proposed in order to position the Council to contract with the successful tenderer for the secondary waste treatment plant proposed for Neerabup. The major changes occurred to the provisions of the Agreement relating to withdrawal of participants.

The changes assumed that after entering into a multi-million dollar 21 year contract, any withdrawing participant would need to ensure that the remaining participants were not financially disadvantaged (by re-distribution of liabilities such as debt liabilities) guarantees of minimum quantities of waste etc, and that the MRC retained financial viability.

Comment

In addition to the Establishment Agreement the MRC has applied agreed financial precepts, from time to time.

The financial precepts were designed to operate outside of the Establishment Agreement, the purpose of which is, essentially, to set the structure for operation of the Regional Council corporation rather than look to detail.

It is unfortunate that the financial precepts have been changed too regularly.

The precepts were designed to ensure financial viability for MRC and equity between participants. The precepts dealt with circumstances where user fees fell short of covering operating expenses in any year and also circumstances where user fees have been over-estimated requiring adjustment at the end of each financial year. Also, the precepts identified any surpluses generated from casual users and from other activity that could not be attributed to generate participant utilisation of the refuse landfill site. The non-participant surpluses were to be distributed to owners according to equity shares with some rights to the MRC to retain part of any surplus to providing working capital.

There have been times during the last 19 years when the focus on precepts has oscillated between generating reserve funds and retention of surpluses through to distribution of all reserves leaving MRC with little or no working capital and a reliance upon meeting capital requirements through loan borrowings. Neither of these extremes is conducive to the type of financial stability that is required for an important public utility operation such as that conducted by the MRC.

The nature of the MRC business means that some liabilities for expenditure are incurred annually, to be met by payments at a future time. Typical of these liabilities is the obligation to remediate the site and to conduct site monitoring after conclusion of the MRC operation.

Capital requirements which need to be recovered by the MRC in annual operating costs through depreciation/amortisation principally relate to the cost of excavating land to provide for landfill and the cost of providing plant to operate the landfill.

More recently, there has also been the expense of providing additional land at Neerabup as a site for a secondary waste processing operation. This type of capital demand needs to be recognised as a contribution of additional equity in MRC and is typically paid for through allocation of surplus operating/retained revenue or by direct capital injection by the equity owners of the MRC business.

In general terms, it is absolutely fundamental that MRC is able to annually cover all of its operating costs and to meet incurred future liabilities through operating revenue levies. It is also essential that MRC is able to have enough working capital available to facilitate replacement of plant items and to make expenditures for new capital in advance of its depreciation or amortisation as a return of equity funds.

The following precepts would cover MRC requirements:

Under Recovery of Gate Fees - This item addresses operating deficits incurred by MRC in 2003/04, 2004/05 and (projected) 2005/06. In the aggregate these deficits amount to approximately $2M. Part of the deficits have been offset by non-distribution of member entitlements from surplus income derived from casual user fees.

The Council has resolved to consider options for dealing with the deficits.

The input to discussions about member pricing and budget management by City of Stirling representatives, in summary, is as follows:

a. **Operating budgets should recover all annual expenditure** - Operating budgets should be designed to recover all expenditure for a financial year. Member fees should be geared to full cost recovery of operating expenditures.

b. **Member fees should be adjusted following a budget review** - Where a budget review in a financial year indicates the potential for a deficit in operating costs, members fees should be immediately adjusted to ensure that there is an end of year budget balance.

c. **Member fees should be set conservatively** - With a view of refunding to members any excess fees paid during the financial year, rather than having deficits occur which require adjustments with members at the end of the financial year.

d. **Casual user fees should be set to reflect full cost recovery** - A margin should be added for all casual user deposits at the Tamala Park landfill site. The margin should reflect a cost for use of airspace and an appropriate profit for the MRC. Casual user fees should be adjusted during the year to maintain the margin and profit targeted and the commencement of the financial year.

e. **Operating costs should include depreciation, amortisation and interest on borrowings** - Operating costs should reflect appropriate amounts for depreciation of all capital items, amortisation of excavations and interest for borrowings. Operating costs should also reflect interest for members equity that has been retained by the MRC which could otherwise be distributed by application of the MRC financial precepts.

f. **Operating costs should include provision for incurred liabilities** - Operating costs should make accounting provisions (backed by cash funded reserves) for incurred liabilities i.e. liabilities such as leave liabilities, future site rehabilitation and future site monitoring.

g. **Lease fees should be brought to account according to equity shares** - Lease fees for the Mindarie site, should be charged as an operating expense and should be distributed to owners according to equity shares.

h. Revenue factors offsetting operating costs are:
- Member landfill fees
- Fees from the recycling station
- Fees from gas production
- Fees from sale of raw (not value added) material such as sand and limestone
- Casual user fees to the extent that they reflect actual operating costs

i. Capital requirements of the Council can be met by the following:
- Temporary utilisation of cash backed reserves
- Loan borrowings. Capital repayment obligations must be provided annually either out of surpluses generated from the business or by injection of equity funds from the business owners (note that interest is an operating expense)
- By planned injection of additional capital through:
  - Premium payments which can be levied as part of member landfill fees (adjusted at the end of the year to reflect equity proportions)
  - Retention of a nominated percentage of surplus funds normally available for distribution to participants in equity shares, either as an straight equity contribution or into a capital reserve fund expenditure for capital purposes will be reflected as an increase in owner equity
  - Direct equity contributions according to equity shares

j. **Equity contributions that will never be subject of recovery through amortisation or depreciation should not be subject of interest** - All other equity should be subject of an interest payment to members that is factored into operating costs – and therefore member fees.

The outline above is a simple summary that would rely upon annual or bi-annual analysis of a long-term financial plan and whether there is any need for adjustment to the level of equity maintained by owners in the MRC business.

It is of concern that the existing financial precepts for MRC are not providing the operating cost, coverage, working capital and capital requirements to adequately support the Business Plans of the Council. It is proposed to advocate the points in the above summary in the strongest possible way when the financial strategy for under recovery of gate fees is further debated at the technical committee meeting and in recommendations to the MRC.

Funding of Interest & Principal Repayments for the RRF Project - The recommendation made to the Council was that the participants of the MRC accept liability for debt service payments for loans totalling $5M and that payment by participants be made in proportion to equity shares.

The Establishment Agreement currently allows that the MRC can require contributions from members to cover loan obligations.

The current proposal requires review on a number of grounds.

- It is inappropriate to have the interest component of debt service instalments paid in equity proportions. Interest is appropriately an operating cost and is the cost of providing capital for the business. The capital is a requirement of current operating plans and the generation of operating capacity and should be recovered in user fees. This is a matter well established in accounting principles.
- The expenditures made from loan funds are not all capital expenditure.
- The budget proposals for approximately $700,000 unspent loan funds have not been clearly resolved.

Currently MRC operating costs are not being covered on an annual basis. Put shortly, user fees are set too low at the commencement of the year and are not made up at the end of the year. Moreover clause 8.1 of the proposed Agreement provides that where there is a deficiency in one year it will be carried forward to another financial year so that it will be collected from equity owners in equity shares. This means that a one twelfth share participant responsible for one third of total landfill deposits (say) 100,000 tonnes underpaying landfill fees by (say) $6 per tonne could see the $6 per tonne deficit – a total deficit of $600,000 paid two thirds by the remaining participants in the MRC even though some of those participants may not have deposited any refuse in the year in which the deficit is generated.

MRC Financial Viability and the Secondary Waste Treatment Contract

Tenderers for the secondary waste treatment plant at Neerabup require certain guarantees. One of the guarantees is from participant owners providing security that MRC will be able to meet its obligations with respect to payment of processing costs for waste taken by participants to the secondary waste treatment plant.

Where MRC is operating under a strong financial plan there should be no concern about providing the required guarantees. Unfortunately the application of financial precepts in recent years have left MRC deficient in working capital and the current regime in which deficits can be allowed to occur and be charged to participants in an equitable way is not conducive to providing a sound financial long-term footing for the MRC.

Since MRC must be supported in meeting its operating responsibilities it seems that the best way to ensure this outcome is to have all the financial precepts included as a formal annexure to the Establishment Agreement.

As City of Wanneroo have already started a process of including detailed financial matters, the time is opportune to add to the financial precepts and in doing so, give greater stability to MRC.

EXAMPLE 1 - OPERATING DEFICIT AT END OF FINANCIAL YEAR

1. Assume that all operating expenses have been properly recorded.
2. Assume that all operating revenue has been accurately recorded.
3. If an operating deficit exists, the cause of the deficit will be an under recoup of either or both of the following:
   - Participant user fees
   - Casual user fees
4. Clause 8.1 of the Establishment Agreement provides that where there is an operating deficiency, as recorded in the annual accounts of the MRC, that operating deficiency will be carried forward to the succeeding year and will be met by contributions from participants in the proportions set out in schedule 3 of the Agreement. Schedule 3 sets out the following contribution proportions:

Participant	Proportion
Town of Cambridge	1/12
City of Joondalup	1/6
City of Perth	1/12
City of Stirling	1/3
Town of Victoria Park	1/12
Town of Vincent	1/12
City of Wanneroo	1/6

Case - Where the deficiency is solely the cause of an under recovery of participant fees, and one participant (say a one third equity holder) is a non-user of the facility, the requirement of clause 8.1 will result in the non-participant user meeting one third of the operating deficiency. This is clearly inequitable as this case refers to a non-user participant.

The Establishment Agreement, in this instance, invites user participants to support under recovery of fees as the result will be a subsidy from non-user participants.

Remedy – Change the Establishment Agreement to require that operating deficiencies consequent upon under subscription by participant users, are made up by participant users in proportion to use i.e. tonnes of waste deposited in the case of the Tamala Park landfill – tonnes of processable waste in the case of the Neerabup secondary waste treatment plant.

EXAMPLE 2 – PARTICIPANTS REDUCE DELIVERY OF PROCESSABLE WASTE TO THE NEERABUP PLANT IN ORDER TO REDUCE COSTS

Case

1. The reason for establishing the secondary waste treatment plant is to direct waste away from landfill.
2. The Tamala Park landfill site must be conserved for longest term use.
3. Maximising the secondary waste treatment plant diverts maximum tonnage away from Tamala Park and provides landfill for residue from the secondary waste plant or for commercial sale.
4. Commercial sale produces profits which are distributable to owners in equity shares.
5. Excavation to provide air space is undertaken from capital provided by equity owners.
6. The logic for excavation is to provide either air space or profit for equity owners.

7. Where participants utilise landfill space in proportionate volumes that are different from equity shares, there is a need for adjustment to reflect a cost for over proportionate use or an income to offset equity capital utilisation.

Remedy

Determine a premium to be charged in addition to the amortisation rate for air space. The premium is charged as an operating expense and factored into user fees. The premium is then paid to owners in equity shares. This method ensures that one participant utilising air space at a much greater rate has made an additional contribution for use of the additional air space, which is used as a compensation payment to other participants.

In the unlikely event that all of the participants use the site equally, their additional premium payments will be offset exactly by additional revenue receipts, so that in any financial year, the application of the premium would have a neutral effect on participants' budgets.

EXAMPLE 3 – MRC UNDER PROVIDES FOR INCURRED LIABILITIES

Case

MRC excavates land for landfill. The excavation contains potentially hazardous material.

Landfill excavations require sealing after completion to prevent intrusion of water through the landfill. Water intrusion generates leachate that can percolate into underground streams and disperse contamination over wide areas.

1. MRC creates an excavation that has a potential liability for covering and remediation based on tonnes of waste deposited in landfill.
2. Normal covering, monitoring and remediation measures are quantified and related to the closure of the landfill.
3. The landfill volume is calculated and related to the cost of covering, monitoring, remediation to establish a value per tonne.
4. MRC does not make provision in each budget for the covering, monitoring, remediation future costs by charging current annual operating costs with a proportion of the incurred future costs calculated on the basis of current tonnes deposited into the landfill.
5. A participant owner may not have deposited any waste in the landfill or have deposited significantly more or significantly less in the landfill.
6. Landfill licences are revoked or the landfill is consumed without provision to meet covering, monitoring and remediation obligations.
7. The equity owners are left with the responsibility for costs in equity shares as listed in schedule 3 of the Establishment Agreement.
8. Over the life of the landfill, the number of equity owners or equity ownership shares may have changed.
9. Payment of costs related to tipping usage on an equity basis produces potential for cost subsidy between owners.

Remedy

Incurred future costs resulting from annual tipping are collected from participants on a tonnes processed basis in the year in which waste is deposited.

The amounts collected are paid to a cashbacked reserve fund supported by provision accounts in the MRC balance sheet.

The reserve funds remain inviolate i.e. must not be subject of a distribution to equity owners or depositors (as has occurred in the past) and the rate of contribution on tonnes processed is reviewed annually based upon current estimates to perform covering, monitoring and rehabilitation work when the landfill has been totally consumed. NB: The retained cash funds may be used as short term working capital, however, use for long-term capital acquisition is inappropriate as the replacement of capital in these circumstances would depend upon capital recovery through the application of depreciation or amortisation included in operating expenditure.

EXAMPLE 4 – MRC REQUIRES EXTENSIVE CAPITAL FOR A MAJOR EXCAVATION

Case

- MRC requires an additional 800,000 cubic meters of excavated space to provide 10 years tipping.
- Tenders indicate excavation and material removal costs at $17 per cubic metre. A total contract cost of $13,600,000.
- MRC has no working capital to cover the contract liability.
- MRC landfill operations cannot continue without landfill space.
- MRC secondary waste treatment plant operations cannot continue without landfill space for plant residue.
- MRC borrows funds to complete the excavation.
- Borrowed funds attract interest as an added financial liability.
- The excavated space is used by depositors of waste.
- One or more participant Councils do not deposit waste at the landfill or participants deposit waste in proportions different to equity shares.
- MRC treats the loan capital and interest as a (Establishment Agreement) capital cost requiring loan liability repayments by participants in equity shares.
- Equity owners receiving no or unequal benefit from the excavation subsidise other owners.

Remedy

Loan interest charges are a financing cost and should be treated as an operating cost under normal accounting standards. The interest cost is therefore divorced from capital and is recoverable through normal participant user fees.

To cover all or a substantial part of ongoing capital requirements, part of owner equity surpluses are retained annually and added to owner equity accounts. The retained surpluses provide all or part of the capital requirement for the excavation. The interest due upon the capital can be calculated and added to owner equity accounts but payment can be treated as deferred equity.

Capital is returned to owner equity accounts through amortisation of the excavation charged in user fees on an annual basis.

SUMMARY

The examples above all represent actual situations at MRC. They reflect bad accounting practice and threaten the financial viability of the MRC. In retrospective analysis, the circumstances that have led to inappropriate use of good financial practice trace back to inconsistent decisions made by officer and Council members following desirable objectives but with inadequate appreciation of the requirements to operate a complex and long-term financial strategy for a business with the structure of the MRC. Throughout, MRC management has advocated an avoidance of situations such as those reflected in the examples above.

The most risk averse way to ensure long-term financial health and capacity of the MRC is to thoroughly consider the financial precepts that will promote equity and cost sharing between members and enable the MRC to access capital funds to provide the facilities needed to service member requirements for waste processing. It is necessary that the financial precepts developed are contained within an Establishment Agreement that can be annually monitored, audited and subject to probity conditions. Above all, consistency is required where capital costs for large excavations and long-term utilisation of plant is involved.

The financial precepts listed above will resolve most issues. Settlement of satisfactory financial precepts should occur prior to the Council agreeing to guarantee MRC contract payments for the operation of the secondary waste treatment plant at Neerabup. To take any other course could be considered negligent, considering the current position where MRC have an operating deficit of $2M and are proposing inequitable precepts.

Consultation/Communication Implications

A change to the Establishment Agreement will require agreement by all of the participant Councils.

Policy and Legislative Implications

Inclusions of financial precepts will cement policy for the longer term. Making the inclusions part of the Establishment Agreement will provide a legal footing for all participants to plan ahead.

Financial Implications

The MRC will have greater certainty in contracting and a more viable financial future.

Strategic Implications

The success of MRC is critical to all of the MRC participants. Changes to the Establishment Agreement by inclusion of financial precepts will enable positive planning and contract commitments into the 20-year plus future.