



MINUTES

SPECIAL COUNCIL MEETING

THURSDAY 28 MAY 2009

TIME – 8.00AM

VENUE – TOWN OF CAMBRIDGE

Managing waste and recovering resources responsibly

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



MINDARIE REGIONAL COUNCIL

NOTICE OF MEETING

22 May 2009

Councillors of the Mindarie Regional Local Government are respectfully advised that a Special Meeting of the Council will be held in the Council Chambers of the Town of Cambridge, 1 Bold Park Drive, Floreat, at 8.00am on Thursday 28 May 2009.

The business papers pertaining to the meeting follow.

Your attendance is requested.



KEVIN POYNTON
Chief Executive Officer

MINDARIE REGIONAL COUNCIL - MEMBERSHIP

Cr R M Willox AM JP (Rod)	City of Stirling
Cr J Bissett (John)	Town of Victoria Park
Cr R Butler (Rob)	City of Perth
Cr S Farrell (Steed)	Town of Vincent
Cr R Fishwick (Russ)	City of Joondalup
Cr L Gray (Laura)	City of Wanneroo
Cr K Hollywood (Kerry)	City of Joondalup
Cr C MacRae (Corinne)	Town of Cambridge
Cr D Newton (Dot)	City of Wanneroo
Cr P Rose JP (Peter)	City of Stirling
Cr R Sebrechts (Ron)	City of Stirling
Cr K Thomas (Kathryn)	City of Stirling

MINUTES OF THE SPECIAL COUNCIL MEETING OF THE MINDARIE REGIONAL COUNCIL HELD IN THE COUNCIL CHAMBERS OF THE TOWN OF CAMBRIDGE, 1 BOLD PARK DRIVE, FLORAT, WESTERN AUSTRALIA ON 28 MAY 2009 COMMENCING AT 8.00AM.

PRESENT: Chairman Cr R Willox AM JP
Cr G Amphlett
Cr D Ashton
Cr R Butler
Cr S Farrell
Cr K Hollywood
Cr C MacRae
Cr D Newton JP
Cr P Rose JP
Cr R Sebrechts

APOLOGIES: Cr J Bissett
Cr R Fishwick
Cr L Gray JP
Cr K Thomas

ABSENT: Nil

IN ATTENDANCE:

Mindarie Regional Council Officers K F Poynton Chief Executive Officer
K Dhillon
L Nyssen
M Tolson
I Watkins

Member Council Officers E Albrecht
D Blair
J Buckley
K Capel
C Colyer
G Dunne
G Eves
E Herne
A Vuleta
M Glover

Consultants Nil

VISITORS: Nil

MEDIA: Nil

Confirmed by resolution of the Council on 9 July 2009

.....Chairman

PUBLIC: Nil

MINUTES
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1 OATHS/AFFIRMATIONS OF ALLEGIANCE AND DECLARATIONS OF OFFICE
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Cr Amphlett completed Form 7 Declaration by Elected Member of Council.

Cr Ashton completed Form 7 Declaration by Elected Member of Council.

2 QUESTION TIME

Nil.

3 ATTENDANCE AND APOLOGIES

Refer Page 3.

4 ANNOUNCEMENTS

The Chairman announced as follows:

- That correspondence had been received from Minister for Environment et al re increase in landfill levy
- That administration was investigating options for a response to this correspondence
- That Council consideration of this matter of fees needed to occur with due respect to the existing and future health of the Mindarie Regional Council business

The CEO announced as follows:

- That FORC and WALGA were developing strategies to engage the Minister for the Environment et al on concerns associated with this increased levy exercise
- That the choice between 'pass through' and 'no pass through' of landfill levy was a judgemental one
- That the budgetary process is an opportunity to identify other savings, with a resultant decrease in fees
- That the work of the Mindarie Regional Council team, led by Mr Dhillon, and Member Council Officers be acknowledged

5 DEPUTATIONS

Nil.

6 BUSINESS FROM A PREVIOUS MEETING TREATED AS AN ORDER OF THE DAY
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Nil.

7 REPORTS

Declaration of Financial/Conflict of Interest to be recorded prior to dealing with each item.

Disclosure of Financial and Proximity Interests

- (a) *Members must disclose the nature of their interest in matters to be discussed at the meeting. (Section 5.60(A) (B) and 5.65 of the Local Government Act 1995).*
- (b) *Employees must disclose the nature of their interest in reports or advice when giving the report or advice to the meeting. (Sections 5.70 and 5.71 of the Local Government Act 1995).*

Disclosure of Interest Affecting Impartiality

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

7.1 REPORTS

7.1

File No: COR/8

SUBJECT: BUSINESS PLANNING 2009/2010

Motion: (Moved: Cr MacRae Seconded: Cr Butler)

RECOMMENDATION

That Council:

- (i) note the methodology used to derive the Business Plan 2009/2010 and associated plans
- (ii) approve Business Plan 2009/2010
- (iii) approve 2009/2010 Members' Processable Gate Fee of \$133.50 (ex GST) and Non Processable Fees of \$69.60 (ex GST)
- (iv) approve the option for members to pay by instalments over 3 years (as per schedule) the \$10/tonne relating to the \$2.1m payment payable to BioVision2020 during the commissioning period. The instalment option includes an interest payment
- (v) approve the Schedule of Fees and Charges relating to commercial and casual users, at Attachment Two

Suspension of Standing Orders.

Motion: (Moved: Cr Hollywood Seconded: Cr Sebrechts)

That Standing Orders be suspended so as to allow general discussion on all matters associated with Item 7.1.

(Carried: 10/0)

The administration provided additional information, in response to questions, as follows:

- Casual Fees
 - Business rule contained in Strategic Finance Plan to adjust Casual Fee by 190% in financial year 2009/2010 amended to 170% in order to soften 'levy increase impact'
- Neerabup – Mindarie Regional Council Costs
 - Explanation given for increase from \$18.50
- Fee Adjustment
 - Process for fees adjustment, in the wake of 'lesser costs', i.e. via Mid Year Review, Budget 2010/2011, explained

Council generally agreed on a revision to recommended fees as follows subject to debate within Standing Orders:

- Processable Fee : \$128.30 on basis of
 - 'pass through of all levy fees' (ADD)
 - Amortisation of \$10/tonne relating to \$2.1M payable to BioVision2020 vide RRFA (contract) (SUBTRACT)
- Non-Processable Fee : \$79.50 on basis of 'pass through of all levy fees (ADD)

Resumption of Standing Orders.

Motion: (Moved: Cr Butler Seconded: Cr Hollywood)

That Standing Orders be resumed.

(Carried: 10/0)

Mover and Seconder agreed to deal with Recommendation in separate parts. Voting as follows:

- (i) note the methodology used to derive the Business Plan 2009/2010 and associated plans

(Carried: 10/0)

- (ii) approve Business Plan 2009/2010

(Carried: 10/0)

Amendment to Motion (iv) – (Moved: Cr MacRae Seconded: Cr Butler)

- (a) delete : 3 years (as per schedule)
- (b) insert : 20 years

(Carried: 8/2)

Amendment to Motion (iii) – (Moved: Cr Butler Seconded Cr MacRae)

- (a) delete : \$133.50
insert : \$128.30
- (b) delete : \$69.60
insert : \$79.50

(Carried: 10/0)

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

(Carried: 10/0)

CONSOLIDATED MOTION

That Council:

- (i) note the methodology used to derive the Business Plan 2009/2010 and associated plans**
- (ii) approve Business Plan 2009/2010**
- (iii) approve 2009/2010 Members' Processable Gate Fee of \$128.30 (ex GST) and Non Processable Fees of \$79.50 (ex GST)**
- (iv) approve the option for members to pay by instalments over 20 years the \$10/tonne relating to the \$2.1m payment payable to BioVision2020 during the commissioning period. The instalment option includes an interest payment**
- (v) approve the Schedule of Fees and Charges relating to commercial and casual users, at Attachment Two**

7.2

File No: WST/168

SUBJECT: PROPOSED EXTENSIONS TO THE EXISTING WORKSHOP BUILDING

Motion: (Moved: Cr Newton Seconded: Cr Hollywood)

Nil discussion.

RECOMMENDATION

That Council not accept any tender in response to Request for Tender No 13/98 Proposed Extensions to Existing Workshop Building on the basis that neither tender was a conforming bid.

(Carried: 10/0)

8	NOTICES OF MOTION FOR CONSIDERATION AT THE FOLLOWING MEETING
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Nil

9	NEXT MEETING
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9.1 Ordinary Council Meeting

- **9 July 2009**
- **5.30pm**
- **City of Stirling**

10	CLOSURE – MEETING CLOSED AT 9.01AM.
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ITEM 7.1 BUSINESS PLANNING 2009/2010

File No: COR/8

Attachment(s): 1. Draft Annual Business Plan 2009/2010
2. Schedule of Proposed Fees and Charges 2009/2010
3. 2009/2010 Members Fees – Additional Information

Author: Kalwant Dhillon

SUMMARY

The purpose of this item is to outline the business planning process for Financial Year 2009/2010, and finalise the Members and Non-Members Fees for 2009/10.

BACKGROUND

A twenty year Strategic Financial Plan commencing 2008/2009 to 2027/28 was approved by Council on 3 July 2008 at the Ordinary Council Meeting.

Estimated Gate Fees for Processable and Non-Processable waste of \$127/tonne and \$61/tonne respectively were provided at the 5 March 2009 Ordinary Council Meeting for Member Councils' planning purposes based on the twenty year Strategic Financial Plan.

The Global Financial Crisis, emanating from the rising collateralised debts in the US and the collapse of Lehman Bros, has resulted in a slow down in the pace of the economy worldwide including Australia. Most of the major economies are in recession and Australia is heading that way too.

The Federal Government's 'stimulant' package has to a certain extent, as the experts' perceive, been stabilising the economy but whether Australia can avoid the recession, only time will tell.

The impact on Mindarie Regional Council so far has been minimal with the Members tonnages steady and the Casuals/Commercials slowing down since January 2009. The administration is monitoring it with interest and the end of the year review would reflect the full impact of the slowdown so far.

The twenty year Strategic Plan commencing 2009/2010 was approved by the Council at the October 2008 Ordinary Council Meeting and the administration has conducted work to develop a draft Business Plan for 2009/2010 including the projected member fees for 2009/2010. Council consideration of this work was planned for 21 May 2009.

However, the State Government Budget, released 14 May 2009, contained an unexpected plan to increase the landfill levy for putrescible waste – the waste disposed to Tamala Park – from \$7 per tonne to \$28 per tonne, effective 1 July 2009.

This plan – a massive amendment from the previously advised "\$7 to \$8" arrangement, has forced a major rework of the Mindarie Regional Council Budget 2009/2010 exercise.

The approach taken has been to minimise the 'pass through' of this charge to Member Councils, without compromising the Mindarie Regional Council business.

DETAIL

Methodology

The methodology and assumptions used to develop Business Plan 2009/2010 has been as follows:

- The twenty year Strategic Plan commencing 2009/2010 remains the Council's primary source of reference with regards to business activities
- Assessment of the progress against Business Plan 2008/2009 activities, and noting any particular 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 2009/2010

Business Plan 2008/2009 – An Assessment of Progress

Key points to note, in this respect, 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
- Stage 2 Phase 3 excavation is well advanced and is expected to be completed by June 2010
- The Resource Recovery Facility was officially commissioned on 27 March 2009 and commissioning period commenced in April 2009 with the first load of waste on 21 April 2009. Full operation is on target to commence on 1 July 2009

Strengths and Weaknesses

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

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

- Strengths
 - Leadership at all levels
 - Customer and market focus
 - Strategy and planning
 - Strategic Financial Planning and Financial Management
 - Operational staff
 - IT systems, including information management
 - Facilities
 - Relationship with member Councils
 - Achievement and reporting of outcomes
 - System for continuous improvement

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- Weaknesses
 - Limitations with existing Constitution

Threats and Opportunities

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

- The opportunity exists to further develop Mindarie Regional Council's processing operations with the region via 'Son of Tamala' landfill and RRF Stage 2, in a way that is consistent with the emerging State Government blueprint for waste management
- The threat to the business posed by the cost penalties from any Federal Government Carbon Trading Scheme requires management
- The opportunity to further engage with Mindarie Regional Council's community in order to ensure appropriate waste practices, particularly with household hazardous waste, needs to be exploited
- The opportunity to further improve waste management systems within the region, via the Strategic Waste Minimisation Plan process, also needs to be exploited

Business Plan 2009/2010

The preparation of draft Business Plan 2009/2010 has occurred with due respect to the following:

- The new twenty year Strategic Plan commencing 2009/2010
- Progress against Business Plan 2008/2009
- Summary of strengths and weaknesses, together with threats and opportunities

The draft Business Plan 2009/2010 aims to maintain existing operations and expand future capabilities, in line with the Council's revised Strategic Plan.

Strategic Budget 2009/2010

Mindarie Regional Council finalised its Strategic Financial Plan from 2008/2009 to 2027/2028, and this was approved by Council's at the 3 July 2008 Ordinary Council Meeting.

The projections for 2009/2010 in the Strategic Financial Plan has been used in the context of the Strategic Budget for 2009/2010 and updated in light of the current global economic conditions, environmental factors, commissioning of Resource Recovery Facility, new initiatives and other relevant factors which forms the basis for the calculation of the Gate Fees for 2009/2010 going forward. This was the basis of fees structure circulated for the 21 May 2009 Special Council Meeting.

The fee structure has been revised with the introduction of the \$21/tonne (\$6.1m) increase in levy by the Government in the 2010/11 budget. The administration has reviewed existing revenue and expenditure for Mindarie Regional Council and the impact of the levy increase and worked out a strategy to soften the impact of the increase of the DEP Levy by utilising the previous years accumulated Member Surpluses and reduction in expenditure.

The impact of utilisation of these surplus in this way is as follows:

- Lower level of cash balances
- Delay in the 'early' repayment of existing loans

The Members' surpluses from 2005/2006 to 2007/2008, which has now been finalised, amount to appt. \$2.3million. This arose due to good financial management of the business and the following other factors:

- Substantial increase in Casual/Commercial tonnages of waste which attracted a greater share of the 'fixed costs' allocated on a tonnage basis
- Saving in interest expense, transfer of Loan 10 interest expense to RRF Project cost for amortisation over life of RRF Facility and deduction of Loan 11 expense in the earlier years (2005/2006 to 2007/2008).
- Savings in depreciation due to delay in capital projects
- Savings in operational costs

The detail information will be presented at the forthcoming Financial Management Workshop in June/July 2009 (date to be ascertained following the postponement from 28 May 2009).

These surpluses have been used to 'buffer' the impact of the \$21/tonne increase to the Member Council over two years.

Member Fees – 2009/2010

The Resource Recovery Facility at Neerabup was commissioned on 27 March 2009 and is expected to be fully operational on 1 July 2009.

The Fee Model agreed and approved by the Council previously (1 July 2004 Ordinary Council Meeting) in anticipation of the development and implementation of Resource Recovery Model differentiates the Waste into Processable Waste and Non-Processable Waste.

This Fee Model concept has been incorporated into the comprehensive Financial Model developed by Deloitte in conjunction with MRC management and in consultation with Member Councils' Officers through the Financial Management Workshops.

The methodology for the calculation of the Processable and Non-Processable Fees for 2009/10 thus far has been to apply the Strategic Budget for 2009/10 to the Model and derive the Members' Processable and Non-Processable Fees for 2009/10.

This methodology has been varied slightly due to the exorbitant increase in DEP Levy, as mentioned above. The administration has put a strategy in place after reviewing its revenue and expenditure for 2009/2010 to utilise the previous years' 'Members' surpluses to 'soften' the impact of the increase.

Also an option has been made available to Member Councils to allow them to pay their share of the commissioning cost of \$2.1million either in 2009/2010 at \$10/tonne or over three years which will include an interest cost which represents the average cost of capital for Mindarie Regional Council.

The arrangement in relation to the payment of \$2.1m payment was negotiated to have a lower gate fee going forward and is part of the contract. Any attempt to vary the terms of this payment will attract financial and legal costs.

The outcomes from this work are as follows:

The comparative analysis of Member Gate Fees (estimated) for 2009/2010 to the previous year is described in the table below:

	Budget Estimate 2008/2009 \$/tonne Ex GST		Projected Actual \$/tonne Ex GST		Budget 2009/10 \$/tonne Ex GST	
	General Waste	Bales	General Waste	Bales	Process-able	Non Process-able
Annual Cost of Landfill Gate Fees - general waste	54	21.66	54	21.66		
1. Fee (prior to DEP Levy Increase)					59	127
Additional DEP Levy increase					20	
Fee with full impact of DEP Levy increase					79.50	139.20
2. Fee (based on recommended 2 year recovery)					69.50	133.50

Fee recommend recovers the DEP Levy over two years with a \$10 increase in 2009/2010 and another \$10 in 2010/2011.

The detailed schedule is attached under Attachment 3 for further reference.

The increase in Processable cost is due to the following factors:

- Increase in projected contractor's fees from \$142 to \$145.60
- 'Flow-on' on impact of the increase in DEP Levy
- Drop in processable waste from 184,336 tonnes to \$170,448 which is mainly attributable to Stirling, Wanneroo, Cambridge and Perth

The increase in non-processable fees is due to the following:

- Increase in DEP Levy
- Cost relating to measurement and reporting of Carbon Emission
- Additional funding on initiatives relating to Marketing and Education, Waste Minimisation and support cost

Casual Fees and Charges

The methodology previously agreed at the Financial Management workshops in conjunction with Member Councils' Officers in respect of Casual Fees once the Resource Recovery Facility is operational is that the fees for Casuals be increased gradually to make it comparable to the Processable Fees for Members by 2010/11.

For 2009/10 the increase in Casual Fees and Charges are summarised as follows:

- Casual are proposed at \$130 including GST (\$118.18 - ex GST) per tonne which is 170% of Non-Processable Members' Gate Fees

-
- Minimum charge for entry to site have been increased by 25% from \$8 to \$10 inclusive of GST (\$9.09 – ex GST) to minimise the impact on “mums and dads’ in our region
 - Other Fees and Charges have been either increased marginally or retained at 2008/09 levels to encourage waste to be sent to the landfill rather than ‘dumped’ elsewhere in the environment

Management of Any Budget Deficit

The management of any deficit i.e. ACTUAL cost/tonne greater than APPROVED cost/tonne, for financial year 2009/2010, is prepared via a strategy of fee adjustment, within the context of budgetary planning.

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 the new twenty year Strategic Plan, and the process of establishment of Member Gate Fees for Processable and Non-Processable Waste in respect of 2009/2010 is consistent with all statutory requirements.

POLICY IMPLICATIONS

Not applicable.

FINANCIAL IMPLICATIONS

The finalisation of the Member Gate Fee for 2009/2010 now allows Member Councils to progress with the finalisation 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 2009/2010 Business Plan
- Calculation of 2009/2010 Member Gate Fees in relation to Processable and Non-Processable Waste
- Calculation of Schedule of Fees and Charges for 2009/2010

These exercises have been conducted twice – once prior to 14 May 2009, and once following the unexpected State Government increase to the landfill levy.

Some headway has been made in terms of ‘sharing the levy increase pain’ between Mindarie Regional Council and members for financial year 2009/2010. It is proposed that all levy tax be passed through to Member Councils in financial year 2010/2011.

More opportunities to explore further potential reductions to Mindarie Regional Council expenditure for financial year 2009/2010 will be available with the final phase of work associated with preparation of Budget 2009/2010.

However, the fees, as presented, require Council consideration, and timely approval, to enable advice to Member Councils and commercial customers, in an appropriate timeframe.

Council consideration of these matters is now appropriate.

RECOMMENDATION

That Council:

- (i) note the methodology used to derive the Business Plan 2009/2010 and associated plans**
- (ii) approve Business Plan 2009/2010**
- (iii) approve 2009/2010 Members' Processable Gate Fee of \$133.50 (ex GST) and Non Processable Fees of \$69.60 (ex GST)**
- (iv) approve the option for members to pay by instalments over 3 years (as per schedule) the \$10/tonne relating to the \$2.1m payment payable to BioVision2020 during the commissioning period. The instalment option includes an interest payment**
- (v) approve the Schedule of Fees and Charges relating to commercial and casual users, at Attachment Two**

ATTACHMENT ONE
TO ITEM 7.1
SPECIAL COUNCIL MEETING
28 MAY 2009
DRAFT BUSINESS PLANNING 2009 - 2010

**MINDARIE REGIONAL COUNCIL
 ANNUAL BUSINESS PLAN 2009/2010**

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

**MINDARIE REGIONAL COUNCIL
 ANNUAL BUSINESS PLAN 2009/2010**

Proposed Action	Comments
<p>Objective Two: Waste/Resource Processing</p> <ul style="list-style-type: none"> • Develop integrated regional plan for processing of at least municipal solid waste (MSW) • Develop plans for additional waste processing facilities within the region i.e. 'Son of Tamala' RRF Stage Two • Investigate additional opportunities for expanded waste processing capability e.g. Balcatta Transfer Station 	

**MINDARIE REGIONAL COUNCIL
 ANNUAL BUSINESS PLAN 2009/2010**

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

**MINDARIE REGIONAL COUNCIL
 ANNUAL BUSINESS PLAN 2009/2010**

Proposed Action	Comments
<p>Objective Four: Community Engagement</p> <ul style="list-style-type: none"> • Improve Mindarie Regional Council understanding of community characteristics • Operate an effective integrated communication strategy for Mindarie Regional Council stakeholders • Operate an effective waste education strategy in order to promote community behaviour consistent with operational plans • Maintain the CEAG forum as a community engagement tactic for RRF issues 	

**MINDARIE REGIONAL COUNCIL
 ANNUAL BUSINESS PLAN 2009/2010**

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

ATTACHMENT TWO
TO ITEM 7.1
SPECIAL COUNCIL MEETING
28 MAY 2008
SCHEDULE OF PROPOSED FEES AND CHARGES 2009/2010

MINDARIE REGIONAL COUNCIL
"TAMALA PARK" REFUSE AND RECYCLING CENTRE
SCHEDULE OF PROPOSED FEES AND CHARGES 2009/2010
Effective 1 July 2009

		PROPOSED Fee (GST inclusive) from 1 July 2008	GST Payable to ATO	PROPOSED Fee (GST inclusive) from 1 July 2009	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	\$100.00 \$8.00	\$9.09 \$0.73	\$130.00 \$10.00	\$11.82 \$0.91
	(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	\$30.00 \$30.00 \$60.00	\$2.73 \$2.73 \$5.45	\$35.00 \$35.00 \$70.00	\$3.18 \$3.18 \$6.36
	(d) Asbestos - whole loads per tonne (incl burial fee)	\$150.00	\$13.64	\$200.00	\$18.18
	(e) Unweighed Load (Drive-Aways)	50	4.50	\$50.00	4.55
2	SPECIAL BURIALS (SUPERVISED) At the discretion of the Site Controller in addition to the tonnage rates Charge per 5 cubic metres	\$160.00	\$14.55	\$180.00	\$16.36
3	CONTROLLED WASTE PER TONNE	\$180.00	\$16.36	\$200.00	\$18.18
4	SPECIAL COMMERCIAL TERMS In Lieu of the charges in 1, 2 & 3 above the following apply:				
	(a) Motor bodies and old machinery each item	\$25.00	\$2.27	\$25.00	\$2.27
	(b) Animal Carcasses Small domestic animals Large animals (Sheep and cattle etc)	\$8.00 \$20.00	\$0.73 \$1.82	\$8.00 \$20.00	\$0.73 \$1.82
	(c) Car Tyres only (Max disposal 4) - per 4 tyre, pro rata for < 4 Per tonne	\$15.00 \$300.00	\$1.36 \$27.27	\$15.00 \$300.00	\$1.36 \$27.27
	(d) Safe sharp containers 7 litre or less each Over 7 litres per litre	\$13.00 \$1.30	\$1.18 \$0.12	\$13.00 \$1.30	\$1.18 \$0.12
	(e) Light weight bulk material less 300 kg Per cubic metre - each cubic metre	\$30.00	\$2.73	\$50.00	\$4.55
5	Infringement Agency Costs Debt Collection Fee	Debt Collection Agency's Costs plus 20% Admin Fee		Debt Collection Agency's Costs plus 20% Admin Fee	
	(a) (b) Dishonoured Cheque Fee	\$15.00	\$1.36	\$15.00	\$1.36

ATTACHMENT THREE
TO ITEM 7.1
SPECIAL COUNCIL MEETING
28 MAY 2008
2009/2010 MEMBERS FEES – ADDITIONAL INFORMATION

2009/2010 MEMBERS' FEES – ADDITIONAL INFORMATION

	NOTE	NON-PROCESSABLE		PROCESSABLE	
		Tonnages	\$/Tonne	Tonnages	\$/Tonne
Actual cost to MRC (prior to subsidies)	1	142,377	62.20	170,448	132.60
Fees prior to DEP Levy increase	3/4		59.48		127.48
A. Fees based on full DEP Levy recovery			79.50		139.20
B. Fees based on 2 year recovery	5		69.50		133.50

1. Non – Processable tonnages includes the bales.
2. BioVision2020 fees would include the above revised Gate Fee for Non-Processable Waste in terms of the residue to be sent to Tamala Park.
3. This fees is arrived at after offset of other revenue relating to Recycling Income, Sale of Gas and Interest Income as a one-off for 2009/2010 to soften the impact of increase in Processable Fees.
4. Fees recommend was \$59 and \$127 in the 21 May 2009 Special Council Meeting papers. This was rounded down as Mindarie Regional Council has a good financial management 'track record' and can achieve these savings.
5. The recommended option for recovery of the increase in DEP Levy is over two years as follows:

2009/2010	-	\$10
2010/2011	-	\$10

**MINDARIE REGIONAL COUNCIL
SPECIAL COUNCIL MEETING – 28 MAY 2009
SUPPLEMENTARY INFORMATION REPORT**

ITEM 7.1 BUSINESS PLANNING 2009/2010

BACKGROUND

Agenda for Special Council Meeting 28 May 2009 issued 22 May 2009.

This Supplementary Information Report contained:

- Corrections to context - Item 7.1
- Questions raised by Member Councils and associated Answers.

DETAIL

1. Please note following corrections – Item 7.1

- Page 11 – Table on Fees.
Under 'Budget 2009/2010', the last sub-column should read Processable instead of 'Non-Processable' and the penultimate sub-column should read 'Non-Processable' instead of 'Processable'.
- Page 11 – 'Increase in Processable Cost'.
Third Dot Point - \$170,448 should read as 170,448 tonnes.
- Page 13 – Recommendation – 'as per schedule'.
No schedule was intended. Please delete '(as per schedule)' from the recommendation.
- Page 23 – Non-processable Waste should read 142,371 instead of 142,377.

2. Questions & Answers – Item 7.1

City of Stirling

Q.1. The surplus of \$2.3 M, what was the intended use for this prior to suggestion to temporarily offset new waste levy?

A.1. *The \$2.3M surplus was higher than expected due to the 'bumper' tonnages from Casuals and South Perth which 'attracted' a higher proportion of fixed costs on a tonnage basis allocation of costs. The intention was to improve cashflows for the organisation in view of the greater demand on cashflows with the RRF in place 1 July 2009.*

- Q.2. If not used to artificially offset the levy, how could \$2.3M be used to either further improve the MRC's operations (more recycling or waste minimisation initiatives, etc) and/or could it be managed in a way to reduce future operational/financial costs to the MRC and member Councils? (For example reduce debt). If so what would be the magnitude of \$ benefits realised or lost.
- A.2. *To improve cashflow as mentioned above and possibly reduce the future borrowings for Stage 2 Phase 3 excavation.*
- Q.3. What happens to the impact of the levy after the artificial "offset" period when the surplus is gone? Another spike in fees and how would we explain that then? What happens if the State Government continues to increase the levy in subsequent years, do we hide the impact of that too?
- A.3. *The intention was to 'phase' in the additional \$20 (over and above the \$1 budgeted) Landfill levy over two years to 'soften' the impact in 2009/2010.*
- Q.4. Will any artificial offset using \$2.3M surplus put the MRC in a more vulnerable financial position going forward should any unforeseen costs/issues arise thereby leading to a request of member Council for injection of more unbudgeted monies?
- A.4. *Refer 2 & 3 above. The impact is minimal and in my view that would not 'trigger' a request for injection of funds from Member Councils.*
- Q.5. Does the general waste tipping Fee (to commercial/private sector) as per Schedule on page 21 going from \$100/tonne to \$130/tonne absorb all of the \$28 levy? If so, then how much of the increase relates to the levy and how much is an increase in operational costs.
- A.5. *Refer Q.22.*
- Q.6. In the table on page 11, it is proposed to increase the member gate fee from \$127(set prior to levy) to \$139.20(for full levy increase of \$21/t pass on = increase of \$12.20 to gate fee). How was this figure calculated as it represents only 58% of the full levy increase? What assumptions were made in calculation?
- A.6. *Refer Attachment Two, Supplementary Information and answer to Q.37.*
- Q.7. What assumptions were made in calculation of gate fee based on two year/three year recovery in table on page 11 where member gate fee increases only \$6.50 from \$127 to \$133.50/tonne?
- A.7. *Refer Attachment Two, Supplementary Information and answer to Q.37.*

General Comments

- The levy is imposed on us by the State Government in order to create an environment whereby recycling and waste minimisation initiatives are financially more viable and to reinvest collected funds into the industry in order to support such initiatives and associated infrastructure. This is a strategy that is widely and effectively used in Europe and helps underpin the initiatives referred to.

Therefore for the MRC to temporarily hide or diminish this would undermine the intent of the levy and the long term benefits. We cannot have it both ways! I have already taken steps to highlight the passed on levy cost to our ratepayers and customers so that they are clear the it is not a COS cost. Considering all of the above, it would be my recommendation NOT to artificially and temporarily offset the levy increase.

- I would also recommend that the MRC resolve to write to the State Government insisting that ALL monies received from the waste levy be retained entirely within the area of waste management and NOT be drawn off to the DEC or any other agencies/departments.

Town of Cambridge

On the basis we are sticking with the Processable and Non-processable fees for 09/10, and as a result of the Govt's waste tax (oops I mean levy), I think the following could improve the proposed fee structure.

Q.8. Amortise the \$2.1 million commissioning cost over the life of the BioVision contract (of course with an interest component). This would be about \$100,000 pa plus interest. Commissioning costs are a legitimate start up cost that can, and should, be amortised over the contract period and is a legitimate accounting practice. If you did not pay it to BioVision, this is how they would have handled it in the annual gate fee. I note you are providing Council's the option to pay over three years at \$10 p/tonne. Does that mean the Processable fee would be \$133.50 + \$10 = \$143.50 or is it \$133.50 + \$3.33 = \$136.83?

A.8. *The \$133.50 is inclusive of the commissioning cost. Also refer attachment one on the fees summary (attached).*

Q.9. Is the amount of tonnages in the model based on the estimated tonnes for each Council over the 2009/2010 period? If so, can you provide the estimated tonnage for each council (and casuals) broken down into Processable and Non-processable.

A.9.

Processable

Perth	16,000.00
Wanneroo	49,300.00
Joondalup	55,942.00
Cambridge	9,500.00
Vincent	13,742.00
Victoria Park	13,964.00
Stirling	12,000.00
	<hr/>
	170,448.00

Non-Processable

Perth	37.00
Wanneroo	24,700.00
Joondalup	10,261.00
Cambridge	1,200.00
Vincent	484.00
Victoria Park	689.00
Stirling	105,000.00
	<hr/>
	142,371.00

- Q.10. Does the processable tonnes for Stirling include the residential waste delivered to the Balcatta Transfer Station? We think it should even though the waste is being delivered to you from the transfer station rather than directly from the property. Our fees will be assessed on the residential waste we collect and this same method should apply to all members.
- A.10. *Stirling's processable waste tonnes include the residential waste which is not processed by the Balcatta Plant and for 2009/2010 the estimates given by Stirling is 12,000 tonnes.*
- Q.11. Can you confirm the BioVision fee is \$145.60 effective from 1 July 2009 up from \$142 and provide a reconciliation of where the difference is?
- A.11. *BioVision Fees estimated the calculation of Processable Fee is \$145.60. The increase is mainly due to variation in estimate of CPI figures. The \$142 was calculated by estimating the CPI for Labour Index, Transport etc and these are now replaced by Actual CPIs which are higher as well as the Non Processable Gate Fee for residual waste.*
- Q.12. Also, past modelling has estimated the MRC overhead costs for Processable waste to be about \$18 (Workshop May 2008). Can you advise what this cost is budgeted to be in 2009/2010 and how it is made up.
- A.12. *This cost is \$20.85/tonne and consist of MRC operating cost, amortisation of RRF project costs, transport cost for the 'compost' and interest on loan for RRF.*
- Q.13. Your report proposes to use past surpluses to reduce the impact of the increase in the waste levy. I understand that surpluses are attributed to members based on equity for casual waste and tonnages for members waste. Can you advise how much is the Town's proportion of this surplus?
- A.13. *Mindarie Regional Council is only using the Members' Gate Fee surpluses. Non-Member surpluses are committed for Mindarie Regional Council's future Capital Program and working capital.*

In relation to an alternative fee model we believe that any fee structure should be robust enough to handle the way the MRC business changes over time without a complex calculation and debate over new fee models. The fee structure should be based on several key principles:

- Discourage tipping to landfill
- Not be sensitive to the varying waste streams that MRC handles now and in the future
- Flexible and robust to accommodate changing technologies and more complex operation of MRC in the future
- Discourage manipulation of waste delivered to MRC by member Councils to achieve the best financial results under a complex fee structure (and thereby creating tension amongst the members)
- Reduce administration and accounting complexities
- Provide an incentive for members to use alternative waste technology to reduce landfill.

Based on the above we think a model with three fees for Members waste, residue and casual is the simplest way forward. Residue should have a discounted rate (perhaps cost of tipping) and the members rate should be an all standard rate for all waste delivered by members. Casual fees should be higher to discourage filling up the landfill.

This information has been forwarded to Deloitte for consideration in their presentation for option of Gate Fees Model going forward.

The information required to make an informed decision needs to be presented. This is even more important with the current report where cross subsidisation of fees is proposed to "soften the impacts" of increases resulting from the RRF commissioning and the increase in the State Government Landfill Levy from 1 July 2009.

Information required should initially present the real costs as they are modelled. After this, the "softened" fees proposed can be considered along with the justification and a forecast long term impact this would have on the current Strategic Financial Plan.

Current Fees 2008/09

Tamala Park Members	\$54.00 / tonne plus GST Includes \$7 / tonne levy
Marginal Rates	\$21.66 / tonne plus GST Includes \$7 / tonne levy
Casuals	\$ 91.80 / tonne plus GST = (\$ 100 / T) Inc \$ 7 / tonne levy At 170% Members Fees

Q.14. If the RRF at Neerabup is not approved by DEC/EPA for use to full capacity of 100,000 tonnes per year by 1 July 2009, will the new fees still apply from that date?

A.14. *Based on the RRFA, the MRC keeps paying for 2 months of the 3 month Cure Period within which BioVision has to resolve the problem. If the problem is not resolved within 3 months, the MRC has the option to extend the Cure Period (I believe that this would be at no cost to the MRC) or to terminate the contract. If the licence was not extended to 100,000 tonnes, in our opinion, we should keep charging the member councils the processable rate until the contractual situation was resolved. Once resolved and all costs covered, the processable fee should then be adjusted accordingly to reflect the new circumstances.*

Q.15. Member surpluses for 2005/06 and 2007/08 totalling \$2.3 million have been finalised. Surpluses are accrued by means of casual tipping and under/over recovery of members' tonnages.

Please provide a breakdown of members' surpluses for 2 years:-

A.15. *Refer Attachment Two, Supplementary Information..*

Q.16. What is the MRC Council decision 1 July 2004? Is it:-

MRC Meeting, 1 July 2004 (Item 9.2.2)

Subject: Concept of processed and unprocessed waste and differential charging for members in the new secondary waste treatment (SWT) environment.

That Council approve:

- (i) an approach for the definition of categories of members waste, with effect from the opening of the Resource Recovery Facility, as follows:
 - (a) Processable waste defined as Municipal Solid Waste suitable for any Secondary Waste Treatment process adopted by MRC;
 - (b) Non-Processable waste defined as waste not suitable for a Secondary Waste Treatment process and includes any residue from a Secondary Waste Treatment process.
- (ii) the subsequent development of a business plan and financial model that will allow analysis of the charging regime that will apply.

A.16. (i) Yes.

(ii) Strategic Financial Plan was prepared taking this Fees Model into account.

Q.17. Provide details of each MRC member forecast tonnages split into Processable (170,448 tonnes) and Non-Processable (142,377 tonnes). Total is 312,825 tonnes.

A.17. Refer Q.9.

Q.18. The BioVision gate fee quoted is \$145.60 per tonne. At what rate have they included to pay MRC for the disposal of the RRF residue at Tamala Park? \$_____/tonne.

A.18. *The RRF Residue will be charged at MRC's Non-Processable Fees for 2009/2010 which is at the recommended Gate Fee of \$69.50/t. Also refer page 23 of Item 7.1.*

Q.19. At the financial workshop on 10 March 2008, a calculation for MRC costs at the RRF was calculated at \$18.41 per tonne. Has this been reviewed and what is the current allowance? \$_____/ tonne. ($\$145.60 + \$18.41 = \164.01 / tonne).

A.19. *All costs have been reviewed in arriving at the revised Processable Fee as part of MRC's Budget Planning Process to take into account current economic conditions and relevant factors for 2009/2010 and this is \$20.85. This include element of Landfill levy pertaining to the residue waste to be sent to Tamala Park.*

Q.20. Has the levy of \$28/tonne been allowed for in fees for 5 and 6 above?

A.20. *Refer Page 23 of MRC Council papers.*

Fees based on full DEP Levy Recovery includes the \$28/tonnes DEP Levy and Fees based on a 2 year phase includes only \$11 (of the \$21 increase - \$1 initially budgeted plus \$10 additional increase) for 2009/2010.

Q.21. The increase in Non-Processable fees quotes costs which have no allowance mentioned. How much has been allowed in calculations for:-

(a) Measurement and reporting carbon emissions? \$_____

(b) Additional marketing and education? \$_____

A.21. (i) *Carbon Emission Report* \$175,000

(ii) *New initiatives in Marketing & Education* \$120,000

Q.22. Casual fee increases as detailed in the Strategic Financial Plan were to be:-

2008/09 170%

2009/10 190%

2010/11 200%

The fee of \$130 inc GST (\$118.18 ex GST) is based on 170% and only \$10 levy increase. Should it be based on 190% of the Tamala Park rate and include the full landfill levy cost of \$28/tonne? Casuals must pay full fees otherwise why are MRC subsidising casual tipplers? Should this be $\$79.50 \times 190\% + \text{GST} = \$166.15 / \text{T}$.

A.22. *Full impact of \$28 Levy has been passed on but increase relating to phase-in to be in line with processable fees over the next few years has been 'eased' in view of 30% increase in one year to avoid a drastic drop in Council Non-Members' income.*

Q.23. The Tamala Park rate for 2008/09 was \$54/tonne plus GST including \$7/tonne levy. Are current forecasts indicating this will be the actual cost of the tipping operation for 2008/09 and no member surplus or deficit will be likely?

A.23. *The surplus for 2008/2009 will be calculated after the Financials have been audited but at this stage it is likely to be a surplus.*

Q.24. Has an adjustment been made for the removal of the marginal tipping rate of \$21.60/tonne for bales and MRF residue? As at end February 2009, tonnages were 15,118 + 11,868. Likely income increase would be \$827,727 plus tonnages for March, April, May, and June 2009. Would this would extrapolate to \$ 1,240,000 extra income for 2009/10?

A.24. *In 2009/2010 the new Fee Model which incorporates the Processable and Non-Processable Waste Fee has been utilised. The residue and bales waste has been 'treated' as Non-Processable waste under this model.*

Q.25. Is the real unadjusted (Not softened) Non-Processable rate for Tamala Park now \$79.50/tonne which includes the levy of \$28/tonne (Previously \$59/tonne was allowed including a levy of \$8/tonne)?

A.25. Yes.

Q.26. Page 9, last paragraph. Softening the impact utilising previous years accumulated surpluses and reduction in expenditure.

• How much surplus is required? \$_____

• What expenditure is to be reduced?

A.26. *Refer Attachment One and Two, Supplementary Information..*

Q.27. Commissioning costs of RRF are \$2,100,000. In the Strategic Financial Plan, these costs were to be recouped in 2009/10 and 2010/11 over Processable material only which was 149,923 tonnes per year.

As forecasts are now 170,448 tonnes per year, at a \$10/tonne fee, would this now be capable of being recouped in 1.23 years (15 months)?

A.27. *The Commissioning Cost is being recouped in 2009/2010 as part of Processable Fee as there is no Processable Fee Model in 2008/2009. An option to repay this over 3 years has been offered.*

Q.28. Please provide calculations for assessment of full levy of \$28/tonne for Processable tonnages.

Report page 12 has \$139.20/tonne Processable as a proposed rate for 2009/10

Processable tonnes = 170,448

Costs: 100,000 tonnes @ (\$145.60 + \$18.41) = \$16,401,000

70,448 tonnes @ \$79.50 = \$ 5,600,616

170,448 tonnes \$22,001,616

Shandy rate = \$129.00/tonne.

The difference is \$ 10.00 / T. Is this for the RRF commissioning costs of \$ 2.1 million?

An All Up Rate then would be \$106.51/tonne based on:-

Processable	170,448 tonnes	\$22,001,616
Non-Processable	<u>142,377</u> tonnes	<u>\$11,318,971</u>
	<u>312,825</u> tonnes	<u>\$33,320,587</u>

This would increase by \$ 6.71 / Tonne if commissioning costs of \$ 2.1 million were all covered in 2009/10 over the total 312,825 tonnes. (\$ 113.22)

A.28. *Noted this information for the next financial workshop.*

Town of Victoria Park

Q.29 Page 9 under Threats and Opportunities – The definition of threats refers to external factors only. Should this not include the landfill levy issue as well now that MRC is aware of its impact? Also should it not include internal factors like the potential for the membership of MRC inclusive of exemptions etc which has arisen as a result of potential inequity issues relating to the gate fee structure (refer 23 April 2009 MRC Council meeting)?

A.29 Agreed.

Q.30. Page 9 under “Strategic Budget 2009/2010” – the second paragraph indicates that the projections for 2009/2010 Strategic Financial Plan have been used and updated in a number of areas but the detail of those changes doesn’t appear to have been provided for information. Why and can they be provided?

- A.30. *It is a normal process we go through as part of Business and Budget Planning process every year as we update the projections, CPI estimates etc. In this case, for example we had to update the Contractors Fees which was an estimate based on information available at May 2008 and Interest rate for Interest receivable/payable projections. There would be other similar examples of this nature.*
- Q.31. Page 10 under “utilisation of these surpluses” – What is the exact impact of the lower level of cash balance and which loans will not be paid off early? Also by doing this what impact does this have on the 20yr financial plan? The next four dot points in the report outline savings but show no detail of the savings i.e. how much of a saving, in each category? Can this be provided? The next paragraph says that the detailed information will be presented to the forthcoming Financial Management Workshop but as we are intending to approve gate fees for 2009/10 now shouldn't this be provided now?
- A.31. *Refer Attachment Two, Supplementary Information.*
- Q.32. Page 10 3rd last paragraph relating to the Processable and Non-Processable fees methodology suggests that the methodology has been varied slightly, can you please explain what exactly has been modified, other than the intention to utilise surpluses to buffer the gate fees?
- A.32. *The methodology has been varied only to the extent of providing ‘other revenue’ and Members Fees surplus to soften the impact in 2009/2010. (Refer Attachment One and Two, Supplementary Information).*
- Q.33. Page 10 the second last paragraph talks about the option to pay the \$10/tonne commissioning costs over three years. What is the exact impact of this option on the gate fees inclusive of interest?
- A.33. *Refer Attachment One, Supplementary Information.*
- Q.34. Page 11 half way down the page the report talks about the increase in Processable and Non-Processable fees as a result of a number of factors. Attachment three, to which we are referred, does not break down the cost of the six dot points outlined in the report. Can it?
- A.34. *Refer answer to Q.21.*
- Q.35. Page 11 at the bottom of the page – the reference to casual fees i.e. \$118.18 exc GST – Why doesn't this fee take some of the burden of the new landfill levy i.e. increase the gate fee? Or does it? The report outlines that Casual tippers will be **170%** (that was for the current financial year) of member rates, is this correct, as the Strategic Financial plan endorsed at the MRC Ordinary Council meeting of 30 July 2008 says that it should be **190%** of members rates for the 2009/10 Financial year?
- A.35. *Refer answer to Q.22.*
- Q.36. Page 12 under “Consultation” – this sentence outlines that council officers have been consulted concerning this work. Who were the officers that were consulted as we have not had a Technical Working group meeting to discuss this issue? Or does this comment only relate to certain parts of the reports content?

A.36. *That right. Comment refers to ongoing consultation with officers at various TWG meetings on fees matters.*

Q.37. Final question – As this a “Land Fill Levy” and it is not identified prominently in the Strategic Financial Plan, should the levy be recovered primarily from the Non-Processable rate?

A.37. *The Landfill levy is recovered through the Non-Processable rate but it has indirect impact on Processable rate in view of the charge for residue coming from RRF and the averaging of the rate for Processable Fee as the Processable waste is greater than 100,000 acceptable at RRF.*

Town of Vincent

I am a little confused with the figures in your report for the special meeting.

Q.38. Non processable @ \$127 (which I assume you previously made an allowance for a land fill levy increase?) with the full impact of the landfill levy increase (of \$20 / tonne) shouldn't this be \$147? You show \$139.20, an increase of only \$12.20 / tonne.

A.38. *The impact of Landfill levy is directly on Non-Processable Fee but indirectly impacts on Processable Fee (refer answer to Q.37. above).*

Q.39. Also with the recovery model (i.e. less \$10/tonne) should this be \$137 / tonne? You show \$133.50 re tonne, a difference of only \$3.50 / tonne.

A.39. Refer answer to Q.37 above.

Q.40. After two years the full impact of the levy will apply so this could be as high as \$167 / tonne. Can you please explain your figures please?

A.40. *If no subsidies are applied the Processable Fee would have been \$143.91 (inclusive of the commissioning cost). Refer Attachment Two, Supplementary Information.*

ATTACHMENT ONE
TO SUPPLEMENTARY INFORMATION - ITEM 7.1
SPECIAL COUNCIL MEETING
28 MAY 2009
SURPLUS SUMMARY BREAKDOWN

	Non-processable	Processable
Base Case - no subsidies	61.83	132.12
Add:		
Impact of DEP Levy increase	20.00	11.79
	<u>81.83</u>	<u>143.91</u>
Less:		
Subsidies - Other Revenue Offsets (09/10 only)	(2.56)	(4.66)
Subsidies - Member Surpluses from prior years (2005/06 – 2007/08)	(9.77)	(5.75)
	<u>69.50</u>	<u>133.50</u>
Scenario 1		
Amortisation of RRF Commissioning Fee over 3 years	-	(7.00)
	<u>69.50</u>	<u>126.50</u>
Scenario 2		
Amortisation of RRF Commissioning Fee over 20 years	-	(10.90)
	<u>69.50</u>	<u>122.60</u>
Scenario 1 & 2 includes interest at 5.74% (weighted average rate of borrowing)		

ATTACHMENT TWO
TO SUPPLEMENTARY INFORMATION - ITEM 7.1
SPECIAL COUNCIL MEETING
28 MAY 2009
ADDITIONAL INFORMATION ON PROCESSABLE
AND NON PROCESSABLE FEES

Mindarie Regional Council

Prior Year Surplus Calculations

Financial Year	Members	Non-Members	Other Income	Total	Interest on Loans 10 & 11	Financial Statements
30-Jun-05	(82,393)	721,271	574,235	1,213,113	-	1,213,113
30-Jun-06	772,481	766,891	660,437	2,199,809	320,850	1,878,958
30-Jun-07	968,413	1,657,469	1,675,858	4,301,740	359,493	3,942,246
30-Jun-08	585,325	2,471,121	2,336,161	5,392,607	437,383	4,955,225
Total	<u>2,326,219</u>	<u>4,895,481</u>	<u>4,672,456</u>	<u>11,894,156</u>	<u>1,117,726</u>	<u>10,776,428</u>

NOTE

Interest for Loan 10 and 11 has been deducted for the purpose of calculating the Members' Surpluses.

ITEM 7.2 PROPOSED EXTENSIONS TO THE EXISTING WORKSHOP BUILDING

Tender No: **13/98**

File No: **WST/168**

Attachment(s): **Nil**

Author: **Mike Tolson**

BACKGROUND

Council has previously approved funds for the extensions to the workshop at Tamala Park, within the context of Budget 08/09.

DETAIL

Tender Organisation

A public tender advertised an invitation, via The Western Australian on 18 March 2009 for suppliers to tender. Two suppliers responded to the request for tender 13/98Western:

1. Western Australian Shed Pty Ltd - \$426,560.00 including GST,
2. BCL Constructions Pty Ltd - \$430,330.00 including GST.

Tender Assessment

Independent third party organisations are used by the Council's administration to prepare the tender documents, open and assess the tenders submitted and provide a report to the Council evaluation panel. This process is used to ensure openness and transparency of the Council's purchasing procedures.

The assessment for this tender was prepared by Mr Kevin Palassis of Palassis Architects.

The tenders received were assessed as being non-compliant for the following reasons:

Western Australian Shed Commercial Pty Ltd

- Requested deposit and pre payments were not compliant with the tender documents
- Tender has a validity period of 12 weeks for consideration in contrast to the 90 days specified in the tender documents

BCL Constructions Pty Ltd

- Tender has a six week validity period for consideration in contrast to the 90 days specified in the tender documents

Comment

As both tenders have been assessed as being non-compliant the workshop extension project will need to be re-tendered in FY 9/10. It is recommended that all funds allocated for this project not expended so far are carried forward to FY 9/10.

STATUTORY ENVIRONMENT

Not applicable

POLICY IMPLICATIONS

Not applicable

FINANCIAL IMPLICATIONS

A provision of \$250,000 exists within the context of the Proposed Budget 2009/2010.

STRATEGIC IMPLICATIONS

Nil

RECOMMENDATION

That Council not accept any tender in response to Request for Tender No 13/98 Proposed Extensions to Existing Workshop Building on the basis that neither tender was a conforming bid.