

Minutes **Special Meeting of Council**

SPECIAL MEETING OF THE COUNCIL OF THE CITY OF JOONDALUP HELD
IN THE COUNCIL CHAMBER, JOONDALUP CIVIC CENTRE, BOAS AVENUE,
JOONDALUP

ON **TUESDAY, 7 JULY 2009**

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CITY OF JOONDALUP

MINUTES OF SPECIAL MEETING OF THE COUNCIL HELD IN THE COUNCIL CHAMBER,
JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP, ON TUESDAY, 7 JULY 2009

DECLARATION OF OPENING

The Mayor declared the meeting open at 1834 hrs.

ANNOUNCEMENT OF VISITORS

Nil.

ATTENDANCES

Mayor:

TROY PICKARD

Councillors:

Cr TOM McLEAN	North Ward - Deputy <i>Mayor</i>
Cr KERRY HOLLYWOOD	North Ward
Cr GEOFF AMPHLETT	Central Ward
Cr MARIE MACDONALD	Central Ward
Cr MICHELE ROSANO	South-West Ward
Cr RUSS FISHWICK	South Ward

Officers:

MR GARRY HUNT	Chief Executive Officer
MR MIKE TIDY	Director, Corporate Services
MR MARTYN GLOVER	Director, Infrastructure Services
MR MARK McCRORY	Media Advisor
MRS JANET FOSTER	Administrative Services Co-ordinator
MRS LESLEY TAYLOR	Administrative Secretary
MS ANNE PURDY	Administrative Secretary

There were 0 members of the Public and 1 member of the Press in attendance.

PUBLIC QUESTION TIME

Nil.

PUBLIC STATEMENT TIME

Nil.

APOLOGIES AND LEAVE OF ABSENCE**Leave of Absence previously approved**

Cr Michael Norman	25 June 2009 – 12 July 2009 inclusive
Cr Fiona Diaz	6 July - 23 July 2009 inclusive
Cr Michele Rosano	5 July – 10 July 2009 inclusive

Apologies: Cr Brian Corr
Cr Sue Hart

DECLARATIONS OF INTEREST

Nil.

IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY SIT BEHIND CLOSED DOORS

Nil.

JSC11-07/09 CHANGE TO STATE GOVERNMENT LANDFILL LEVY AND IMPACT ON DOMESTIC REFUSE CHARGE

WARD: All

RESPONSIBLE DIRECTOR: Mr Mike Tidy
Corporate Services

FILE NUMBER: 31625 00392

ATTACHMENTS: Attachment 1 Option 1 - Reduction in 2009/10 Refuse Charge
Attachment 2 Option 2 - Retain Refuse Charge as Adopted and Reduce Drawdown on Reserves

PURPOSE

To consider the implications of the State Government announcement of its deferral of the implementation of the increase in the Landfill Levy on the City's 2009/10 adopted refuse charges.

EXECUTIVE SUMMARY

When the State Government presented its budget in May 2009 it announced an increase to the Landfill Levy of 300% increasing from \$7/tonne to \$28/tonne effective from 1 July 2009. The Landfill Levy is charged on waste going to landfill. The City disposes of its waste to Mindarie Regional Council (MRC), who incorporated the Landfill Levy increase into the fees that they set at the MRC Special Council Meeting on 28 May 2009. The City adopted its budget on 17 June 2009 and the refuse charges that it set reflected the fees set by the MRC.

On 23 June 2009 the State Government announced that it would defer the introduction of the Landfill Levy increase to 1 January 2010. On 30 June 2009 the MRC met to consider the impact of the deferred commencement and resolved to adopt revised fees for processable and non processable waste from member Local Governments and also revised the fee for casual tippers. The new fees are lower than the previously adopted fees.

The City needs to consider how it wishes to deal with these new lower fees and if it wishes to change its currently adopted refuse charges for the 2009/10 financial year.

It is recommended that Council CONSIDERS adopting either Option 1 or Option 2.

BACKGROUND

The City of Joondalup's refuse charges take account of all of the waste services that are provided by the City including not only household waste but also recycling, bulk waste collections as well as the promotional and educational programs that are run.

When the MRC originally adopted their fees on 28 May 2009 it incorporated in the fee calculations its budget estimations at the time (the MRC budget has not yet been adopted) a substantial increase for the additional costs of the Resource Recovery Facility and an increase to reflect the impact of the State Government announced Landfill Levy. The State Government had announced through its budget process that the Landfill Levy would increase from \$7 per tonne to \$28 per tonne, a 300% increase effective from 1 July 2009.

Although there are a range of fees the MRC's three principal adopted fees that account for the bulk of its revenue were:

- Members processable \$128.30 excluding GST,
- Members non processable \$79.50 excluding GST, and
- Casual tippers \$130 including GST.

The first two fees exclude GST because this does not impact on the member Local Governments.

In considering the City of Joondalup's budget for the 2009/10 financial year the City had planned in advance for the impact of the commencement of the Resource Recovery Facility. The City has for the past several years progressively raised its refuse charges and placed funds into a reserve specifically so that it could commence drawing down on that reserve in 2009/10 to help cushion the impact of the additional costs resulting from the commencement of the Resource Recovery Facility.

The City factored into its calculations for refuse charges, in adopting the 2009/10 budget, the fees that had been adopted by the MRC. As previously intended the City's 2009/10 budget provides for a drawdown on the reserve fund established to help manage the increased costs that were expected from the commencement of the operations of the Resource Recovery Facility. The drawdown is \$1.125 million. The refuse charge that was adopted was \$274.80, representing a 14.5% increase on the previous year's charge of \$240.

It is important to appreciate that the non processable and casual tipping fees set by the MRC reflect the full \$21/tonne increase in the Landfill Levy because all of that waste goes directly to landfill. The processable fee however, does not reflect the full \$21 increase for the Landfill Levy. This is because of the Resource Recovery Facility will divert a substantial amount of material away from landfill. The Resource Recovery Facility has the capacity to process 100,000 tonnes. This is expected to result in about 30,000 tonnes of residue that will have to go to landfill leaving 70,000 tonnes that will be diverted from landfill.

The diversion of 70,000 tonnes effectively dilutes the impact of the \$21 increase to the Landfill Levy such that the original adopted processable fee of \$128.30 (excluding GST) only included \$12.35 resulting from the Landfill Levy increase. This is significant when considering the impact of the State Government deferral of the introduction of the increase in the Landfill Levy by six months. The saving to the processable fee is not half of \$21 but rather half of \$12.35.

At its meeting of 30 June 2009 the MRC considered the implications of the State Governments deferral of the introduction of the Landfill Levy increase and adopted revised fees. The revised fees reflect a reduction in the Landfill Levy component of 50% of the amount that was included in the original calculations, ie a reduction of \$6.16 for the processable fee and \$10.50 in the case of the non processable and casual tipping fees.

The revised fees however, also include adjustments for some corrections to budget estimates and some proposed budget reductions (these are all based on draft budget estimates at this stage as the MRC budget has not been adopted). The MRC took the view that these budget corrections and adjustments were largely attributable to the landfill side of the business as opposed to the Resource Recovery Facility operation and therefore the bulk of the savings have been passed through to the non processable fee. The budget corrections and reductions account for a \$2.96 reduction in the non processable fee and a \$1.64 reduction to the processable fee.

The comparison of fees and break-up of the reduction is as follows:

Description	Original Fee	Revised Fee	Reduction	Break-up of Reduction	
				Reduced Levy	Budget Reductions
Processable for Members (exc GST)	\$128.30	\$120.50	\$7.80	\$6.16	\$1.64
Non Processable for Members (exc GST)	\$79.50	\$66.00	\$13.50	\$10.50	\$2.96
Casual Tippers (inc GST)	\$130.00	\$120	\$10.00	\$10.50	\$0.00

DETAILS

With the reduced fees now adopted by the MRC there is an impact for the financial model that the City has based its own refuse charges on. When considering the options it is important to bear in mind that by deferring the introduction of the Landfill Levy the State Government has effectively split the increase over two financial years. The revised modelling therefore reflects not only a reduction in the MRC fees that are charged for 2009/10 but a further substantial increase in 2010/11 when the full year effect of the Landfill Levy increase is felt.

Issues and options considered:

Option 1 – Reduce the refuse charge that has been adopted for the 2009/10 financial year (refer Attachment 1).

The City has the capacity to reduce the refuse charge that has currently been adopted of \$274.80 by as much as \$10 down to \$264.80. This is based on:

- The current adopted budget draw down on the waste reserve of \$1.125 million being maintained (approximately),
- That while this will reduce the percentage increase for the refuse charge from 14.5% down to 10.3% in 2009/10, there will need to be a further 8% increase in the refuse charge in 2010/11.

Option 2 – Leave the refuse charge as currently adopted and reduce the drawdown on reserve funds (refer Attachment 2).

Under this option the existing adopted refuse charge of \$274.80 is left unchanged however, the budgeted draw down on reserves which is currently \$1.125 million is reduced to \$561,000. Under this proposal \$563,000 remains in the waste reserve. This means that although the refuse increase for 2009/10 is 14.5%, in 2010/11 the increase in the refuse charge can be maintained at 5.5%.

Option 3 – A variation between options 1 and 2.

The reduction suggested in option 1 of \$10 is the biggest that the reduction could be with the model which is projecting refuse charges out to 2014/15. There is nothing to suggest that there could not be a charge reduction of something less than \$10 which would also then slightly modify the drawdown on reserves. There are many combinations between the option of reducing the charge by \$10 and the option of not reducing the charge at all.

Legislation/Strategic Plan/Policy Implications

Legislation The Landfill Levy is set under the provisions of the Waste Avoidance and Resource Recovery Act. The issue that is the basis for the State Government announcement that it would defer the introduction of the Landfill Levy increase is due to its inability to use the revenue generated from the Landfill Levy increase for purposes that are not currently defined in the legislation. It is therefore intended to progress the Waste Avoidance and Resource Recovery Amendment Bill 2009 prior to introducing the increased Landfill Levies effective from 1 January 2010.

Strategic Plan

Key Focus Area: Leadership and Governance
Objective: 1.3 To lead and manage the City effectively.
Key Focus Area: Natural Environment
Objective: 2.1 To ensure that the City's natural environmental assets are preserved, rehabilitated and maintained.

Policy Not applicable.

Risk Management considerations:

In terms of the State Governments announced proposal there is a risk that the Waste Avoidance and Resource Recovery Amendment Bill 2009 will not pass through Parliament as planned, either not in time for the introduction of the new Landfill Levy on 1 January 2010 or in some amended form which means that the intended Levy increase of \$21 per tonne may not be applied. The City does not have the opportunity to change its refuse charge mid year as the vast bulk of refuse charges will have been paid by that time. If any of the legislative proposals do not come to pass, then the City can manage the financial impacts of that by adjusting its drawdown on the reserves and effectively passing on any benefits in the form of reduced increases in subsequent years.

Financial/Budget Implications:

The costs of the refuse services that the City provides and the refuse charge that it sets are effectively self contained and any changes that are likely to occur as a result of the proposed Landfill Levy increase not eventuating as proposed can be managed through the use of the Domestic Cart - Refuse Collection Reserve Fund. There would be no impacts on any other part of the City's budget.

Regional Significance:

Not applicable.

Sustainability implications:

The intention of the Landfill Levy is to discourage the disposal of waste to landfill. The City is already participating in the Resource Recovery Facility through its membership of the MRC. This was happening without the further substantial increase in Landfill Levy and there is already more than enough processable waste being delivered to the MRC than the Resource Recovery Facility will be able to process. The City will not be able to benefit immediately by diverting any more waste. It should be noted that had the MRC and its member Local Governments not committed to the Resource Recovery Facility, then the increase in the Landfill Levy would have been far more significant to the City and the other member Local Governments as a further 70,000 tonnes of waste would be going to landfill than will now be the case.

Consultation:

As a member of the MRC the City was a participant in the consideration of the review of the MRC's fees which resulted from the State Governments decision to defer the introduction of the increase in the Landfill Levy.

COMMENT

Options 1 and 2 are suggested as being the primary focus for Council consideration. If Council intends to pass on a decrease in the form of a reduced refuse charge then it seems appropriate that the reduction be the maximum that it has the capacity to make. A compromise reduction of somewhere between no reduction and the maximum would be hard to justify.

Option 1 provides for a reduction in 2009/10 but there will need to be a further substantial increase in 2010/11 due to the deferred full year effect of the Landfill Levy. Effectively this option is taking lower increases over the short term and higher increases over the medium term effectively deferring increases to subsequent years. If Option 1 is preferred, the following recommendation is proposed:

“That Council:

- 1 NOTES the report on the impacts of the changes to the State Governments announced Landfill Levy increase through the revised fees set by the Mindarie Regional Council;
- 2 BY AN ABSOLUTE MAJORITY REVOKES part 4 (a) of resolution JSC10-06/09 of 17 June 2009, being;

“4 Domestic Refuse Charges:

- (a) *In accordance with the provisions of Part IV of the Health Act 1911 (as amended) and Section 67 under Division 3, Part 6 of the Waste Avoidance and Resource Recovery Act 2007, IMPOSES the following domestic refuse charges for the 2009/10 financial year:*

(a) <i>Per existing unit serviced</i>	<i>\$274.80</i>
(b) <i>Each Additional Service</i>	<i>\$274.80</i>
(c) <i>Collection from within the property boundary</i>	<i>\$52.00</i>
(d) <i>New Refuse Service - Purchase and delivery of bin</i>	<i>\$60.00 (inclusive of GST)”</i>

and REPLACES it with:

“BY AN ABSOLUTE MAJORITY ADOPTS the following Domestic Refuse Charges:

In accordance with the provisions of Part IV of the Health Act 1911 (as amended) and Section 67 under Division 3, Part 6 of the Waste Avoidance and Resource Recovery Act 2007 for the 2009/10 financial year:

(a) <i>Per existing unit serviced</i>	<i>\$264.80</i>
(b) <i>Each Additional Service</i>	<i>\$264.80</i>
(c) <i>Collection from within the property boundary</i>	<i>\$52.00</i>
(d) <i>New Refuse Service - Purchase and delivery of bin</i>	<i>\$60.00 (inclusive of GST)”</i>

- 3 ADVERTISES the Domestic Refuse Charges adopted in 3 in accordance with section 6.19 of the Local Government Act 1995 with those charges being applicable from Wednesday 8 July 2009.”

Option 2 provides for a more substantial increase up front but with lower subsequent increases. By way of comparison the model projects that by 2014/15 the refuse charge under option 1 would be \$351.88 but under option 2 it would be \$345.72. Option 2 might also be considered a safer option by keeping more funds in reserve in case circumstances in subsequent years do not happen as planned. If Option 2 is preferred, the following recommendation is proposed:

“That Council:

- 1 NOTES the report on the impacts of the changes to the State Governments announced Landfill Levy increase through the revised fees set by the Mindarie Regional Council;
- 2 DETERMINES not to make any changes to the refuse charge adopted as part of its 2009/10 Budget on 17 June 2009;
- 3 REQUESTS that the impact of the reduction in waste costs from the reduced fees set by the Mindarie Regional Council and the impact on the drawdown required on the Domestic Cart - Refuse Collection Reserve be included for consideration in the mid year budget review for 2009/10.”

Option 1 will require the revocation of that part of the resolution of the 17 June 2009 that set the refuse charge and for a new refuse charge to be adopted. Under option 2 there would be no need to make any changes to the City's adopted refuse charge. In both cases respective adjustments to total revenue and expenditure which have no impact on any other part of the budget could be adjusted in the mid year review. By this time it would be known whether the Landfill Levy increase is in place as announced by the State Government.

VOTING REQUIREMENTS

Absolute Majority

Call for Support of one-third of members of the Council – for Option 1 only

The Local Government Act 1995, under regulations prescribed to deal with Section 5.25(e), lays down the following procedure for dealing with revoking or changing decisions made at Council or Committee meetings:

If a decision has been made at a Council meeting, then any motion to revoke or change the decision must be supported by at least one-third of the number of officers (whether vacant or not) of members of the Council.

If supported by one-third of the members, then any decision to revoke a resolution of the Council is required to be passed by an Absolute Majority.

Prior to giving consideration to the following recommendation, Elected Members are required to give the support of one-third of its members, and such support is to be recorded in the Minutes of this meeting.

OFFICER'S RECOMMENDATION: That Council GIVES consideration to the Options detailed in Report JSC11-07/09.

Call for Support of one-third of members of the Council

The Mayor called for support from one-third of the members of Council. Support for the revocation was given by all Elected Members present.

MOVED Cr Fishwick, SECONDED Cr Hollywood that Council:

- 1 NOTES the report on the impacts of the changes to the State Governments announced Landfill Levy increase through the revised fees set by the Mindarie Regional Council;**
- 2 REVOKES part 4 (a) of resolution JSC10-06/09 of 17 June 2009, being;**

“4 Domestic Refuse Charges:

- (a) In accordance with the provisions of Part IV of the Health Act 1911 (as amended) and Section 67 under Division 3, Part 6 of the Waste Avoidance and Resource Recovery Act 2007, IMPOSES the following domestic refuse charges for the 2009/10 financial year:**

(a) Per existing unit serviced	\$274.80
(b) Each Additional Service	\$274.80
(c) Collection from within the property boundary	\$52.00
(d) New Refuse Service - Purchase and delivery of bin	\$60.00 (inclusive of GST)”

and REPLACES it with:

“BY AN ABSOLUTE MAJORITY ADOPTS the following Domestic Refuse Charges:

In accordance with the provisions of Part IV of the Health Act 1911 (as amended) and Section 67 under Division 3, Part 6 of the Waste Avoidance and Resource Recovery Act 2007 for the 2009/10 financial year:

(a) Per existing unit serviced	\$264.80
(b) Each Additional Service	\$264.80
(c) Collection from within the property boundary	\$52.00
(d) New Refuse Service - Purchase and delivery of bin	\$60.00 (inclusive of GST)”

- 3 ADVERTISES the Domestic Refuse Charges adopted in Point 2 above in accordance with section 6.19 of the Local Government Act 1995 with those charges being applicable from Wednesday 8 July 2009.**

The Motion was Put and

CARRIED BY AN ABSOLUTE MAJORITY (7/0)

In favour of the Motion: Mayor Pickard, Crs Amphlett, Fishwick, Hollywood, Macdonald, McLean and Rosano

Appendix 1 refers

To access this attachment on electronic document, click here: [Attach1agn070709.pdf](#)

CLOSURE

There being no further business, the Mayor declared the Meeting closed at 1837 hrs; the following Elected Members being present at that time:

MAYOR T PICKARD
Cr K HOLLYWOOD
Cr T McLEAN
Cr M MACDONALD
Cr G AMPHLETT
Cr M ROSANO
Cr R FISHWICK