

OPERATIONAL SERVICES COMMITTEE

Meeting to be held in the Conference Room, Operational Services Area, Level One of Civic Centre, 10 Watson Terrace, Mount Gambier, on Tuesday 11th October 2016 at 7.30 a.m.

AGENDA

PRESENT:

Cr D Mutton (Presiding Member)
Crs C Greco, P Richardson, F Morello and I Von Stanke

APOLOGIES:

accepted. moved the apology received from be
seconded

COUNCIL OFFICERS:

Chief Executive Officer, Mark McShane
Engineering Manager, Daryl Morgan
Michael Silvy, Manager Regulatory Services
Team Leader Administration (Operational Services), Sally Wilson

COUNCIL MEMBERS

AS OBSERVERS:

WE ACKNOWLEDGE THE BOANDIK PEOPLES AS THE TRADITIONAL CUSTODIANS OF THE LAND WHERE WE MEET TODAY. WE RESPECT THEIR SPIRITUAL RELATIONSHIP WITH THE LAND AND RECOGNISE THE DEEP FEELINGS OF ATTACHMENT OUR INDIGENOUS PEOPLES HAVE WITH THIS LAND.

CONSIDERATION FOR EXCLUSION OF PUBLIC

Cr moved that the following Agenda Item be received, discussed and considered in confidence by excluding the public pursuant to Section 90 (2) of the Local Government Act 1999, and an order be made that the public (with the exception of Councillors - D Mutton, C Greco, P Richardson, F Morello and I Von Stanke and Council Officers - M McShane, D Morgan, M Silvy and S Wilson) be excluded from the meeting in order for the Agenda Item (Financial Management - Caroline Landfill - Economic Analysis - Ref. AF16/159) to be considered in confidence.

The Committee is satisfied that, pursuant to section 90(3)(b) of the Act the information to be received, discussed or considered in relation to this Agenda Item is information the disclosure of which could reasonably be expected:

- would prejudice the commercial position of the Council.

In forming the abovementioned position the Council has considered that the operations to be considered relate to a business unit of Council with commercial clientele and, if the information contained in the item were disclosed prior to the making of an informed decision, it would be anticipated that such clientele would lobby and attempt to influence deliberations and decision making to the detriment of the commercial business position of Council in relation to the matter.

In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the communities interests (particularly current and future ratepayers who will effectively underwrite any loss/risk associated with the business operations) must be considered ahead of any others commercial operators that may benefit from the business operations and any financial decisions.

<u>Item No.</u>	<u>Subject Matter</u>	<u>S90 (3) Grounds</u>
10.	<u>FINANCIAL MANAGEMENT</u> - Caroline Landfill - Economic Analysis - Ref. AF16/159	(b)

Cr seconded

IN CONFIDENCE**10. FINANCIAL MANAGEMENT - Caroline Landfill - Economic Analysis - Ref. AF16/159**

The Director Operational Services reported:

- (a) Council's Management Accountant has undertaken a detailed assessment of the "financials" that collectively contribute to the operational and the required long term capital investments at the Caroline Landfill. The analysis is very complex and is based on a full cost attribution model (which simply means that all costs, including executive management costs, are considered);
- (b) the purpose of having this report prepared was to ascertain if the current gate charging regime was sufficient to ensure the long term sustainability of the Landfill (the report is attached to the agenda);
- (c) the analysis concludes that gate prices should increase to ensure that Council has a reasonable margin to offset the inherent risks (primarily environmental) that are associated with owning and operating a landfill;
- (d) as could be expected, the report makes many assumptions (based on expert knowledge and history) and the recommendation being placed before Council is that a staged gate price increase, over a three year period, be implemented to achieve a sustainable charging regime by 1st July 2019;
- (e) it is highly likely that there will be some level of "pushback" from the community and customers but without increasing charges the facility is unsustainable. For the purpose of the recommendation following, it is assumed the annual tonnage entry to the Landfill will be in the order of 30,000 tonnes per annum;
- (f) Council should consider preparing a background document explaining the proposed increases in gate price to at least ensure the reasons for the increases are understood.

moved it be recommended:

- (a) The report be received;
- (b) the report titled "Economic Analysis of Waste to Landfill - 2016" prepared by Council's Management Accountant be received;
- (c) Council implement a staged price increase in gate charges to the Caroline Landfill in line with the "Economic Analysis of Waste to Landfill - 2016" report, based on an assumed annual tonnage of 30,000, with pricing to be:

1 st July 2017	\$136.50/tonne (inc. GST)
1 st July 2018	\$150.00/tonne (inc. GST)
1 st July 2019	\$164.50/tonne (inc. GST)
- (d) Council undertake a further review of the "Economic Analysis of Waste to Landfill - 2016" report at the earliest of five years or where a substantial operational, environmental or legislative change occurs;
- (e) Council prepare an explanatory document to give to its major customers as background information to the staged price increase at the time of formal notification of the new charging regime.

seconded

11. CONSIDERATION FOR KEEPING MATTERS CONFIDENTIAL

moved that an order be made pursuant to Section 91 (7) of the Local Government Act, 1999 that the document in relation to item 10 which has been considered by the Council on a confidential basis pursuant to Section 90 (3) be kept confidential as follows:

<u>Item No.</u>	<u>Subject Matter</u>	<u>S.90(3) Grounds</u>	<u>Element To Be Kept Confidential</u>	<u>Duration</u>
10.	FINANCIAL MANAGEMENT - Caroline Landfill - Economic Analysis - Ref. AF16/159	(b)	All details	Until: Council's commercial business clientele for the relevant business operations have been advised of Council's determination in relation to the item.

Cr seconded



Economic Analysis of Waste to Landfill - 2016

Objective

Review full cost (ie full cost attribution) of waste to landfill disposal for the City of Mount Gambier (CoMG) to determine a commercial gate charge. Analyse commercial viability of waste service operations and comparative benchmarking to assist management ensure efficient use of resources (personnel, budget, plant) and alignment with the implementation of CoMG's newly adopted Community Plan.

Approach and Assumptions

The full cost of waste services to landfill disposal includes those costs that are incurred over the full life cycle of the landfill site. These costs have been separated into seven categories:

1. **Sunk Cell Construction Costs** – cell construction costs already spent allocated over the estimated life of the landfill (Capital cost only).
2. **Cell Construction Costs** – anticipated cell construction cost (\$141/m² per Engineering Manager, 2016 rates) for each cell component ensuring compliance with Environment Protection Authority (EPA) requirements.
3. **Operating Costs** – the costs of operations to weigh, receive, store and cover waste in accordance with EPA Licence requirements.
4. **Indirect Costs** – the costs of managing, administering, recording and reporting of waste services.
5. **Other Costs** – Regional Waste Management Strategies Donation. Contingency for future leachate pond and cover. Contingency for overflow of existing leachate ponds. Weighbridge installation, based on an expected useful life of 20 years.
6. **Cell Closure Costs** - anticipated cell closure cost (\$70/m² per Engineering Manager, 2016 rates) for each cell component ensuring compliance with EPA Licence requirements.
7. **Post Operation Costs** – ongoing costs of monitoring and rehabilitation (including Orchard Road). This category is quite difficult to estimate considering ever changing requirements of the EPA and future costs. Due to this \$200,000 has been allocated over the life of the landfill to assist with rehabilitation and \$20,000 per year for recoupment of monitoring costs after landfill has reached capacity.

A user-pays assumption has been adopted. Cost recovery for the full life cycle of the landfill (including construction, operation, closure and post operation) has been factored in when determining gate charges for users external to CoMG.

Due to the repeal of Carbon Tax from 1 July, 2014, no allowance has been made for such costs in the future. The only relevant taxation issue for CoMG that has been factored in is Goods and Services Tax (GST).

Current Gate Charge

CoMG charged **\$114** (incl GST) per tonne throughout the 2015/2016 financial year and **\$116** (incl GST) per tonne from 1st July 2016. However, from 1st September 2016 this figure will require review given last minute advice regarding increasing Solid Waste Levy rates, amended by the State Government in the 2015/2016 Budget. Otherwise, these charges reflect the URS model pricing projections prepared in 2008.



Economic Analysis of Waste to Landfill - 2016

Proposed Gate Charges

Assumptions	2017		2018		2019	2020	2021
	Gate Price	% increase	Gate Price	% increase	Gate Price	Gate Price	Gate Price
22,000 tonnes/annum	\$ 144.06	24%	\$ 151.92	31%	\$ 161.03	\$ 163.85	\$ 167.02
25,000 tonnes/annum	\$ 138.35	19%	\$ 146.12	26%	\$ 155.15	\$ 157.89	\$ 160.93
30,000 tonnes/annum	\$ 145.07	25%	\$ 152.75	32%	\$ 161.73	\$ 164.42	\$ 167.38

All figures are inclusive of GST

For the financial year ended 30th June, 2016, total waste entombed to Landfill was approximately 22,000 tonnes. Due to a pending contract to take on waste from another local regional Council, figures have also been provided for entombing 25,000 tonnes and 30,000 tonnes of waste each year.

Generally the above table indicates increasing charges over time. The major contributors to these price increases are driven by:

- 66% increase announced for the Solid Waste Levy to be applied incrementally over a four year period from 1st September, 2016.
- Increase in plant and labour costs when tonnage reaches 30,000.
- Increasing tonnages to landfill shortens the timeframe that construction and capping costs can be recovered over. *Please see appendix one for assumed longevity rates.* The overall charge may decrease however due to the incremental increase in cost being less than the incremental increase of waste tonnes entombed.
- Increases to wages/salaries in line with Enterprise Bargaining Agreements.

Due to the considerable difference between the current gate charge and proposed gate charges, percentage columns for 2017 and 2018 have been added. The purpose of these columns is to highlight the percentage increase from the current gate charge of \$116 that would be required should implementation of the proposed gate charge be realised. Depending on which assumption is adopted, a considerable percentage increase may be required.

CoMG's fees and charges schedule has already been approved by Council for the 2016/2017 financial year. For this reason, the percentage increase for 2018 as per the table above highlights the consequences of not implementing a price increase in the 2016/2017 financial year. A price increase of between 19% to 32% as per the table above, may present other ramifications for CoMG, including but not limited to, unwanted media attention and reputation loss. It would be wise to consider implementing a price change as soon as possible due to the 66% increase announced for the Solid Waste Levy from 2016/2017 exasperating potential increases in future years.



Economic Analysis of Waste to Landfill - 2016

Comparative Gate Charges

It is important to compare CoMG current and proposed charges with other Landfill Operations. Doing so indicates whether CoMG's Landfill Operations are running efficiently and effectively, value for money is being obtained for users and also whether pricing is competitive. It should be noted that the comparative gate charge table provides an indication of 2015/2016 charges only and does not factor in the size, estimated life span, operational efficiency or state based regulations applicable to the Landfill.

Landfill	2016 (\$/tonne)	% increase to CoMG 2016 gate charge (\$114)
Glenelg Shire	\$ 199.30	74.82%
Ballarat – to other councils	\$ 142.80	25.26%
Ballarat – to external parties	\$ 170.50	49.56%
Southern Region Waste Resources Authority	\$ 123.00	7.89%
Charles Sturt	\$ 180.00	57.89%
Corangamite industrial (2017)	\$ 173.70	49.74% (2017 \$116)
Corangamite municipal (2017)	\$ 150.43	29.68% (2017 \$116)
Average Gate Charge of above Landfills	\$ 162.82	42.12%

As can be seen from the table above, CoMG's current gate charge of \$116 is lower than the other Landfills' investigated. Note Ballarat and Corangamite both operate in a similar climate zone to Mount Gambier.

In-house Garbage Collection Comparative Benchmarking

It is important to ensure that resources are allocated to generate the greatest overall benefits to Council and its community. CoMG is in transition reviewing its services, functions and structure to align with the recently adopted Community Plan. In light of this, it is prudent to review that CoMG is obtaining the best value for money for its outlay of resources.

Total Refuse Bins Collected per annum	Collection Cost per Bin (excl GST)	Total Cost	2016 Cost for Council Completing garbage collection in-house	Potential Savings to Council
728,000	\$ 1.08	\$ 786,240	\$ 789,400	\$ 3,160
728,000	\$ 1.30	\$ 946,400	\$ 789,400	- \$ 157,000
728,000	\$ 1.40	\$ 1,019,200	\$ 789,400	- \$ 229,800
728,000	\$ 1.60	\$ 1,164,800	\$ 789,400	- \$ 375,400



Economic Analysis of Waste to Landfill - 2016

Assumptions included in the above comparative table:

- Total Bins Collected per annum = 14,000 bins x 52 weeks.
- The cost of Council completing garbage collection in house includes an estimate of overhead cost allocation.
- Veolia Environmental Services currently charge another regional Council \$1.40 (excl GST) per bin to complete their Collection Service only. Veolia is not responsible for the costs of dumping general waste collected for the Council. It should be noted that the Council covers a considerably larger geographic area than CoMG and therefore the \$1.40 charged per bin may not be an accurate indication of what CoMG may be charged. However, as can be seen in the table above in 2016 CoMG was running collection services more efficiently than \$1.40 per bin.

It should also be noted the opportunity cost of City of Mount Gambier not being able to charge itself for dumping of household refuse collected is \$611,610. This is based on 2016 charges \$105.45 (excl GST) x 5,800 tonnes. In 2015/2016 the actual amount of waste dumped to landfill from CoMG trucks was 6,060.78 tonnes. A lesser figure of 5,800 has been used as an average over the past three years and compliments new efforts taken by CoMG in regards to redirecting food scraps to green waste rather than general waste. Please note it is also likely that a contractor will increase their collection charge in line with any increases in gate charges (provided the contractor is paying the gate charge).

The breakeven point (based on 2015/2016 figures) at which using external contractor services does not add value is:

- For a collection service only is **\$1.08** per bin. This has been estimated to increase to **\$1.12** per bin in 2016/2017 and **\$1.15** per bin in 2017/2018.

Limitations in the above comparative table:

- The potential proceeds from the sale of no longer used plant and equipment such as compactors has not been factored in.
- The opportunity cost of being able to reallocate resources in line with the community plan has not been factored in.
- Political and media issues that may arise from a significant change in charging regime has also not been factored in.

Recommendations

- a) The Economic Analysis of Waste to Landfill Report – 2016 be received.
- b) CoMG increase its gate charge for 2017/2018 financial year and beyond in line with the tabled proposed gate charges contained in this report.
- c) CoMG introduce an incremental gate price increase strategy over the next three years to ensure a steady transition for external users as follows:



Economic Analysis of Waste to Landfill - 2016

Based on 22,000	01/07/2017	01/07/2018	01/07/2019
Raw Gate Charge	\$ 86.09	\$ 92.86	\$ 99.09
Solid Waste Levy	\$ 38.00	\$ 43.50	\$ 50.00
GST	\$ 12.41	\$ 13.64	\$ 14.91
Total	\$ 136.50	\$ 150.00	\$ 164.00

Based on 25,000	01/07/2017	01/07/2018	01/07/2019
Raw Gate Charge	\$ 84.27	\$ 89.23	\$ 93.64
Solid Waste Levy	\$ 38.00	\$ 43.50	\$ 50.00
GST	\$ 12.23	\$ 13.27	\$ 14.36
Total	\$ 134.50	\$ 146.00	\$ 158.00

Based on 30,000	01/07/2017	01/07/2018	01/07/2019
Raw Gate Charge	\$ 86.09	\$ 92.86	\$ 99.55
Solid Waste Levy	\$ 38.00	\$ 43.50	\$ 50.00
GST	\$ 12.41	\$ 13.64	\$ 14.95
Total	\$ 136.50	\$ 150.00	\$ 164.50

- d) Review of Waste Management Economic Analysis be completed at the earliest of five years or where a substantial operational, environmental or legislative change occurs.

Kahli ROLTON

MANAGEMENT ACCOUNTANT



Economic Analysis of Waste to Landfill - 2016

Appendix One - Cell Construction Schedule

Cell	Based on 22,000 tonnes to landfill every year	Based on 25,000 tonnes to landfill every year	Based on 30,000 tonnes to landfill every year
	1.6	1.4	1.1667
3B	2017	2017	2017
3C	2019	2019	2019
5A	2021	2022	2021
5B	2023	2025	2024
4A	2025	2028	2027
4B	2027	2029	2028
4C	2029	2030	2029
6A	2031	2032	2030
6B	2033	2035	2031
6C	2035	2037	2032
7A	2037	2038	2033
7B	2039	2040	2034
7C	2041	2042	2036
8A	2043	2044	2037
8B	2045	2046	2038
8C	2047	2047	2039
9A	2049	2049	2040
9B	2051	2051	2042
9C	2053	2053	2043
10A	2055	2055	2044
10B	2057	2056	2045
10C	2059	2058	2046
11A	2061	2060	2047
11B	2063	2062	2048
11C	2065	2064	2050
12A	2067	2065	2051
12B	2069	2067	2052
12C	2071	2069	2053
13A	2073	2070	2054
13B	2075	2072	2055
13C	2077	2073	2057
14A	2079	2075	2058
14B	2081	2077	2059
14C	2083	2078	2060
15A	2085	2080	2061
15B	2087	2081	2062
15C	2089	2083	2063

**Economic Analysis of Waste to Landfill - 2016**

16A	2091	2085	2065
16B	2093	2086	2066
16C	2095	2088	2067
No of years remaining	78	71	50

OPERATIONAL SERVICES COMMITTEE

Meeting held in the Conference Room, Operational Services Area, Level One of Civic Centre, 10 Watson Terrace, Mount Gambier, on Tuesday 11th October 2016 at 7.30 a.m.

MINUTES

PRESENT: Cr D Mutton (Presiding Member)
Mayor A Lee, Crs P Richardson, F Morello and I Von Stanke

NOT PRESENT: Cr C Greco

COUNCIL OFFICERS: Chief Executive Officer, Mark McShane
Engineering Manager, Daryl Morgan
Michael Silvy, Manager Regulatory Services
Team Leader Administration (Operational Services), Sally Wilson

COUNCIL MEMBERS

AS OBSERVERS: Nil

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CONSIDERATION FOR EXCLUSION OF PUBLIC

Cr Von Stanke moved that the following Agenda Item be received, discussed and considered in confidence by excluding the public pursuant to Section 90 (2) of the Local Government Act 1999, and an order be made that the public (with the exception of Councillors - Mayor A Lee, D Mutton, P Richardson, F Morello and I Von Stanke and Council Officers - M McShane, D Morgan, M Silvy and S Wilson) be excluded from the meeting in order for the Agenda Item (Financial Management - Caroline Landfill - Economic Analysis - Ref. AF16/159) to be considered in confidence.

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In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the communities interests (particularly current and future ratepayers who will effectively underwrite any loss/risk associated with the business operations) must be considered ahead of any others commercial operators that may benefit from the business operations and any financial decisions.

Operational Services Committee Minutes of 11th October 2016 Cont'd...

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10.	<u>FINANCIAL MANAGEMENT</u> - Caroline Landfill - Economic Analysis - Ref. AF16/159	(b)

Mayor A Lee seconded

Carried

IN CONFIDENCE

10. FINANCIAL MANAGEMENT - Caroline Landfill - Economic Analysis - Ref. AF16/159

The Presiding Member reported:

- (a) Council's Management Accountant has undertaken a detailed assessment of the "financials" that collectively contribute to the operational and the required long term capital investments at the Caroline Landfill. The analysis is very complex and is based on a full cost attribution model (which simply means that all costs, including executive management costs, are considered);
- (b) the purpose of having this report prepared was to ascertain if the current gate charging regime was sufficient to ensure the long term sustainability of the Landfill (the report is attached to the agenda);
- (c) the analysis concludes that gate prices should increase to ensure that Council has a reasonable margin to offset the inherent risks (primarily environmental) that are associated with owning and operating a landfill;
- (d) as could be expected, the report makes many assumptions (based on expert knowledge and history) and the recommendation being placed before Council is that a staged gate price increase, over a three year period, be implemented to achieve a sustainable charging regime by 1st July 2019;
- (e) it is highly likely that there will be some level of "pushback" from the community and customers but without increasing charges the facility is unsustainable. For the purpose of the recommendation following, it is assumed the annual tonnage entry to the Landfill will be in the order of 30,000 tonnes per annum;
- (f) Council should consider preparing a background document explaining the proposed increases in gate price to at least ensure the reasons for the increases are understood.

Cr Von Stanke moved it be recommended:

- (a) **The report be received;**
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- (c) **Council implement a staged price increase in gate charges to the Caroline Landfill in line with the "Economic Analysis of Waste to Landfill - 2016" report, based on an assumed annual tonnage of 30,000, with pricing to be:**

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Cr Richardson seconded

Carried

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Cr Morello seconded

Carried

CITY OF MOUNT GAMBIER

Meeting to be held at the Council Chamber, Civic Centre, 10 Watson Terrace, Mount Gambier
on Tuesday, 18th October, 2016 at 6.00 p.m.

AGENDA

COUNCIL

PRESENT:

Mayor Andrew Lee

Cr Christian Greco
Cr Mark Lovett
Cr Josh Lynagh
Cr Frank Morello
Cr Des Mutton
Cr Steven Perryman
Cr Hanna Persello
Cr Penny Richardson
Cr Ian Von Stanke

APOLOGY/IES:

moved that the apology from Cr Meziniec be received.

seconded

COUNCIL OFFICERS:

Chief Executive Officer	- Mr M McShane
Director - Corporate Services	- Mr G Humphries
Director – Operational Services	- Mr D Sexton
Manager Governance and Property	- Mr M McCarthy
Manager Community Services and Development	- Ms B Cernovskis
Finance Manager	- Mr G Button
Administrative Officer Executive Support	- Mrs M Telford

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Carried

CONSIDERATION FOR KEEPING MATTERS CONFIDENTIAL

moved that an order be made pursuant to Section 91 (7) of the Local Government Act, 1999 that the document in relation to item 10 which has been considered by the Council on a confidential basis pursuant to Section 90 (3) be kept confidential as follows:

<u>Item No.</u>	<u>Subject Matter</u>	<u>S.90(3) Grounds</u>	<u>Element To Be Kept Confidential</u>	<u>Duration</u>
10.	<u>FINANCIAL MANAGEMENT</u> - Caroline Landfill - Economic Analysis - Ref. AF16/159	(b)	All details	Until: Council's commercial business clientele for the relevant business operations have been advised of Council's determination in relation to the item.

seconded

Resume Open Session

MINUTES OF MEETING OF THE CITY OF MOUNT GAMBIER HELD AT THE COUNCIL CHAMBER, CIVIC CENTRE, 10 WATSON TERRACE, MOUNT GAMBIER ON TUESDAY 18TH OCTOBER, 2016 AT 6.00 P.M.

COUNCIL

PRESENT:

Mayor Andrew Lee

Cr Christian Greco

Cr Mark Lovett

Cr Josh Lynagh

Cr Frank Morello

Cr Des Mutton

Cr Steven Perryman

Cr Hanna Persello

Cr Penny Richardson

Cr Ian Von Stanke

APOLOGY/IES:

Cr Morello moved that the apology from Cr Meziniec be received.

Cr Lovett seconded

Carried

COUNCIL OFFICERS:

Chief Executive Officer

Director - Corporate Services

Director – Operational Services

Manager Community Services and
Development

Finance Manager

Administrative Officer Executive Support

- Mr M McShane

- Mr G Humphries

- Mr D Sexton

- Ms B Cernovskis

- Mr G Button

- Mrs M Telford

WE ACKNOWLEDGE THE BOANDIK PEOPLES AS THE TRADITIONAL CUSTODIANS OF THE LAND WHERE WE MEET TODAY. WE RESPECT THEIR SPIRITUAL RELATIONSHIP WITH THE LAND AND RECOGNISE THE DEEP FEELINGS OF ATTACHMENT OUR INDIGENOUS PEOPLES HAVE WITH THIS LAND.

CONSIDERATION FOR EXCLUSION OF PUBLIC

Cr Morello moved that the following Agenda Item be received, discussed and considered in confidence by excluding the public pursuant to Section 90 (2) of the Local Government Act 1999, and an order be made that the public (with the exception of Councillors - Mayor A Lee, Cr Christian Greco, Cr Mark Lovett, Cr Josh Lynagh, Cr Frank Morello, Cr Des Mutton, Cr Steven Perryman, Cr Hanna Persello, Cr Penny Richardson and Cr Ian Von Stanke and Council Officers - M McShane, G Humphries, D Sexton, B Cernovskis, G Button and M Telford) be excluded from the meeting in order for the Agenda Item (Financial Management - Caroline Landfill - Economic Analysis - Ref. AF16/159) to be considered in confidence.

The Committee is satisfied that, pursuant to section 90(3)(b) of the Act the information to be received, discussed or considered in relation to this Agenda Item is information the disclosure of which could reasonably be expected:

- would prejudice the commercial position of the Council.

In forming the abovementioned position the Council has considered that the operations to be considered relate to a business unit of Council with commercial clientele and, if the information contained in the item were disclosed prior to the making of an informed decision, it would be anticipated that such clientele would lobby and attempt to influence deliberations and decision making to the detriment of the commercial business position of Council in relation to the matter.

In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the communities interests (particularly current and future ratepayers who will effectively underwrite any loss/risk associated with the business operations) must be considered ahead of any others commercial operators that may benefit from the business operations and any financial decisions.

<u>Item No.</u>	<u>Subject Matter</u>	<u>S90 (3) Grounds</u>
10.	<u>FINANCIAL MANAGEMENT</u> - Caroline Landfill - Economic Analysis - Ref. AF16/159	(b)

Cr Von Stanke seconded

Carried

Cr Perryman left the meeting at 6.50 p.m. and did not return.

IN CONFIDENCE

10. FINANCIAL MANAGEMENT - Caroline Landfill - Economic Analysis - Ref. AF16/159

The Presiding Member reported:

- (a) Council's Management Accountant has undertaken a detailed assessment of the "financials" that collectively contribute to the operational and the required long term capital investments at the Caroline Landfill. The analysis is very complex and is based on a full cost attribution model (which simply means that all costs, including executive management costs, are considered);
- (b) the purpose of having this report prepared was to ascertain if the current gate charging regime was sufficient to ensure the long term sustainability of the Landfill (the report is attached to the agenda);
- (c) the analysis concludes that gate prices should increase to ensure that Council has a reasonable margin to offset the inherent risks (primarily environmental) that are associated with owning and operating a landfill;
- (d) as could be expected, the report makes many assumptions (based on expert knowledge and history) and the recommendation being placed before Council is that a staged gate price increase, over a three year period, be implemented to achieve a sustainable charging regime by 1st July 2019;
- (e) it is highly likely that there will be some level of "pushback" from the community and customers but without increasing charges the facility is unsustainable. For the purpose of the recommendation following, it is assumed the annual tonnage entry to the Landfill will be in the order of 30,000 tonnes per annum;
- (f) Council should consider preparing a background document explaining the proposed increases in gate price to at least ensure the reasons for the increases are understood.

Cr Von Stanke moved it be recommended:

- (a) The report be received;
- (b) the report titled "Economic Analysis of Waste to Landfill - 2016" prepared by Council's Management Accountant be received;
- (c) Council implement a staged price increase in gate charges to the Caroline Landfill in line with the "Economic Analysis of Waste to Landfill - 2016" report, based on an assumed annual tonnage of 30,000, with pricing to be:

1 st July 2017	\$136.50/tonne (inc. GST)
1 st July 2018	\$150.00/tonne (inc. GST)
1 st July 2019	\$164.50/tonne (inc. GST)

- (d) Council undertake a further review of the “Economic Analysis of Waste to Landfill - 2016” report at the earliest of five years or where a substantial operational, environmental or legislative change occurs;
- (e) Council prepare an explanatory document to give to its major customers as background information to the staged price increase at the time of formal notification of the new charging regime.

Cr Richardson seconded

Carried

Cr Mutton moved the recommendation of the Operational Services Committee as contained in item 10 be adopted.

Cr Lovett seconded

Carried

CONSIDERATION FOR KEEPING MATTERS CONFIDENTIAL

Cr Lovett moved that an order be made pursuant to Section 91 (7) of the Local Government Act, 1999 that the document in relation to item 10 which has been considered by the Council on a confidential basis pursuant to Section 90 (3) be kept confidential as follows:

<u>Item No.</u>	<u>Subject Matter</u>	<u>S.90(3) Grounds</u>	<u>Element To Be Kept Confidential</u>	<u>Duration</u>
10.	<u>FINANCIAL MANAGEMENT</u> - Caroline Landfill - Economic Analysis - Ref. AF16/159	(b)	All details	Until: Council’s commercial business clientele for the relevant business operations have been advised of Council’s determination in relation to the item.

Cr Von Stanke seconded

Carried

Resume Open Session