

Rivers Regional Subsidiary

Business Plan 2020 - 2025

1/15/2020

Rivers Regional Council

John McNally

Chief Executive officer

Business Plan Rivers Regional Subsidiary

1. Introduction

Over the last 8 years the Rivers Regional Council has been working towards achieving a Zero Waste outcome. Tenders for Alternative Waste Treatment options were called in 2013 and contracts for a Waste to Energy Facility were executed in November 2015. Financial Close was achieved in October 2018 with the Plan for the plant to be commissioned in mid 2021. Now that the major task has been achieved the participants in the agreements are seeking to establish an efficient and effective organisation to manage the responsibilities under the agreements over the next 20 to 30 years.

The Rivers Regional Subsidiary (RRS) will replace the Rivers Regional Council as Principal under the terms of the 2015 Receipt and Processing of Waste for Resource Recovery Agreement, Participants Agreement for the Receipt and Processing of Waste for Resource Recovery and Supplemental Deed - Energy Supply & Delay Costs (Waste Supply Agreements).

Rivers Regional Council comprises the City of South Perth, City of Armadale, City of Gosnells, Shire of Murray, Shire of Serpentine Jarrahdale and the City of Mandurah. The City of Canning is also a participant in the Resource Recovery Agreements and has declined the invitation to join the RRS.

2. Rivers Regional Subsidiary

The Rivers Regional Subsidiary is being formed to:-

- Replace the Rivers Regional Council and act as Principal under the terms of the 2015 Receipt and Processing of Waste for Resource Recovery Agreement ,Participants Agreement for the Receipt and Processing of Waste for Resource Recovery and Supplemental Deed - Energy Supply & Delay Costs (Waste Supply Agreements);
- Assist in the coordination of resource sharing between the participants, to reduce costs and increase operational efficiencies;
- Associate, collaborate and work in conjunction with other local government bodies for the advancement of matters of common interest;
- Undertake coordination, advocacy, education and representation roles for the participants at a regional level and, in particular, coordinate waste recovery, reuse and disposal education programs;
- develop cooperation between the participants so as to improve waste management and recycling programs and practices within the Region;
- assist participants to minimise the volume of waste collected in the districts of the participants which is required to be disposed of by landfill;
- develop, encourage, promote, foster and maintain consultation and cooperation with the Western Australian Local Government Association (WALGA), other levels of government, private enterprise and the community with regard to matters relating to waste management;
- strengthen the representation and status of local government when dealing with other levels of government, private enterprise and the community;

- develop further cooperation between the participants for the benefit of the communities of the Region;
- develop and manage policies which guide the conduct of programs and projects in the Region with the objective of securing the best outcomes for the communities of the Region; and
- undertake projects that benefit the Region and its communities.

3. Local Government Act Regulations

The Local Government Act (Regional Subsidiaries) Regulations 2017 requires that this Plan includes an overall assessment of the formation of the regional subsidiary and is to include details of:-

- a) Its expected effect on the provision of facilities and services by the participants

The participating Councils have already entered into contracts for the provision of waste to the Waste to Energy Plant (WtE) which is anticipated to divert up to 97.5% of the waste stream from Landfill. Councils will retain their current collection arrangements. The sharing of transfer station facilities is also possible but this will be the subject of separate agreements directly between Councils. As a result of the Waste to Energy contract arrangements landfill sites currently provided by Councils (only the City of Armadale has an operating landfill) will be phased out.

- b) Its expected effect on other persons providing facilities and services in the participants' districts;

The coordination of education programs may result in increased expenditure in local communities otherwise there is no impact on other persons or facilities.

- c) Its expected financial effect on the participants;

Savings of up to \$200,000 (based on the 2018/19 Budget) could be possible based on the transition from a Regional Council to a Regional Subsidiary (RRS). A Regional Subsidiary Budget of approximately \$250,000 per annum. Arrangements for calculation and collection are detailed in the current Waste Supply Agreements.

- d) Its expected effect on matters referred to in each participant's current plan prepared under section 5.56;

City of South Perth

Assist in achieving Outcome 4.3a - Promote and implement sustainable water, waste, land and energy management practices.

City of Armadale

Assist in achieving Outcome 2.4 Best Practice Waste Management - 2.4.1 Apply effective waste collection methodologies 2.4.2 Maximise recycling opportunities 2.4.3 Improve waste

disposal practices 2.4.4 Apply efficient waste administration. Target: Diminishing percentage of collected waste deposited in landfill (towards zero).

City of Gosnells

Assist in achieving Goal 3.4 Manage waste generated in the City of Gosnells in an environmentally responsible and sustainable manner. Outcome - The environmental impact of waste is minimised and waste is disposed of in a sustainable and cost effective manner.

Shire of Serpentine Jarrahdale

Assist in achieving Outcome 2.2 A sustainable natural environment, 2.2.2 Seek to minimise resource usage and continue to maximise reuse opportunities 2.2.3 Continue to minimise the volume and impact of waste generated within the district.

Shire of Murray

Assist in achieving Outcome 5 A healthy and sustainable natural environment - 5.4 Waste is responsibly managed to minimise environmental impacts.

City of Mandurah

Assist in achieving:-

- *Strategy 1.3 - Encourage and enable our community to take ownership of our natural assets, and to adopt behaviours that assist in achieving our environmental targets and 1.3.2 Reduce per capita waste generation and waste-to-landfill.*
- *Strategy 1.4 - Become a leader in proactive and innovative environmental management and 1.4.2 Develop and implement waste-to-energy solutions for residential and industrial waste.*
- *Strategy 1.5. Factor climate change predictions into land-use planning, building design and future council decisions and 1.5.2 Demonstrate leadership in meeting the challenges of climate change at regional, state and national level*

- e) the service that is proposed to be provided, or the activity that is proposed to be carried on, by the regional subsidiary;
- *replace the Rivers Regional Council (RRC) and act as principal under the terms of the:*
 - *Agreement for Receipt and Processing of Waste for Resource Recovery dated 4 November 2015;*
 - *Participant's agreement for the Receipt and Processing Waste for Resource Recovery dated 15 October 2015.*
 - *Financier Direct Deed dated 16 October 2018; and*
 - *Supplemental Deed dated 16 July 2018.*

- *assist in the coordination of resource sharing between the participants, to reduce costs and increase operational efficiencies;*
 - *associate, collaborate and work in conjunction with other local government bodies for the advancement of matters of common interest;*
 - *undertake coordination, advocacy, education and representation roles for the participants at a regional level and, in particular, coordinate waste recovery, reuse and disposal education programs;*
 - *develop cooperation between the participants so as to improve waste management and recycling programs and practices within the Region;*
 - *assist participants to minimise the volume of waste collected in the districts of the participants which is required to be disposed of by landfill;*
 - *develop, encourage, promote, foster and maintain consultation and cooperation with the Western Australian Local Government Association (WALGA), other levels of government, private enterprise and the community with regard to matters relating to waste management;*
 - *strengthen the representation and status of local government when dealing with other levels of government, private enterprise and the community;*
 - *develop further cooperation between the participants for the benefit of the communities of the Region;*
 - *develop and manage policies which guide the conduct of programs and projects in the Region with the objective of securing the best outcomes for the communities of the Region; and*
 - *undertake projects that benefit the Region and its communities.*
- f) why the regional subsidiary is proposed to be formed to provide that service or carry on that activity.

The participating Councils have entered into agreements to supply waste to the Waste to Energy Plant for a period of 20 to 30 years. The Rivers Regional Council (RRC) has the role of principal under those contracts and a Regional Subsidiary arrangement is considered more efficient to manage these responsibilities on a shared services arrangements.

4. Outline of Activities

- a) Establish governance, administration and accounting arrangements.
- b) Prepare the annual Waste Delivery Plan in accordance with the provisions of the agreements.
- c) Calculate and recover waste charges under the agreements.
- d) Manage contract responsibilities and act as Principal.
- e) Co-ordinate Waste Recovery, Reuse and Disposal Education programs required under the agreements.
- f) Co-ordinate the energy supply arrangements.
- g) Advocate on behalf of member Councils.

5. Budget

Account Description		Full Year Reg Sub				
		Year 1	Year 2	Year 3	Year 4	Year 5
		\$	\$	\$	\$	\$
ADMINISTRATION						
Operating Revenue						
4.5119 Other Income		0				
Total Operating Revenue		0				
Operating Expenditure						
6.4221 Salaries & Wages		(100,000)	(100,000)	(102,000)	(103,000)	(104,000)
6.4222 Superannuation		(15,000)	(15,000)	(15,300)	(15,450)	(15,600)
6.4223 Leave Accruals		(3,000)	(3,000)	(3,060)	(3,090)	(3,120)
6.4224 Insurance - Workers Compensation		(2,500)	(2,500)	(2,600)	(2,700)	(2,800)
6.4225 Training & Conferences		(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
6.4235 Accounting & Administration Services		(30,000)	(30,000)	(31,000)	(31,500)	(32,000)
6.4237 Bank Fees		(500)	(500)	(500)	(500)	(500)
6.4240 Advertising		(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
6.4242 Information Technology		(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
6.4243 Insurance - Other		(7,100)	(7,100)	(7,100)	(7,100)	(7,100)
6.4244 Legal Services		(4,000)	(4,000)	(4,000)	(4,000)	(4,000)
6.4245 Other Office Expenses		(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
6.4247 Publications		(500)	(500)	(500)	(500)	(500)
6.4251 Furniture & Equipment		(500)	(500)	(500)	(500)	(500)
6.4252 Health and Safety		(500)	(500)	(500)	(500)	(500)
6.4255 Accommodation		(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
6.4263 Consultants - Contingency		(25,400)	(25,400)	(25,400)	(25,400)	(25,400)
Total Operating Expenditure		(203,000)	(203,000)	(206,460)	(208,240)	(210,020)
Net Administration Costs to be allocated		(203,000)	(203,000)	(206,460)	(208,240)	(210,020)
Allocation of Administration Expenditure						
6.4299 Community Amenities		203,000	203,000	206,460	208,240	210,020
Total Allocations		203,000	203,000	206,460	208,240	210,020
Total After Allocation of Net Costs		0	0	0	0	0
COMMUNITY AMENITIES						
Operating Revenue						
4.7115 Waste Recovery Charges Member Councils		250,000	228,000	231,460	233,240	235,020
Total Operating Revenue		250,000	228,000	231,460	233,240	235,020
Operating Expenditure						
6.7131 Waste Recovery Expenses - Avertas						
6.7144 Legal Services		(42,000)	(20,000)	(20,000)	(20,000)	(20,000)
6.7166 Project Management		(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
6.7199 Administration Allocation		(203,000)	(203,000)	(206,460)	(208,240)	(210,020)
Total Operating Expenditure		(250,000)	(228,000)	(231,460)	(233,240)	(235,020)
Total		0	0	0	0	0

Recovery

1.00%

0.89%

0.94%

0.91%

0.85%