

Minutes

SPECIAL COUNCIL MEETING (SC 01/20)

19 June 2020
Commenced at 4:30 pm

Western Metropolitan Regional Council
Suite 2 / 317 Churchill Avenue
Subiaco WA 6008

Note for members of the public: Council Meetings – Procedures

1. All Council meetings are open to the public, except for matters raised by Council under “confidential items”.
2. Members of the public may ask a question at an Ordinary Council Meeting under “public question time” or prior to the meeting [online through this link](#).
3. Members of the public who are unfamiliar with meeting procedures are invited to seek advice at the meeting.
4. All other arrangements are in accordance with the Council’s Meeting Procedures Local Law, policies and decisions of the organisation.

Stefan Frodsham
Chief Executive Officer

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1. DECLARATION OF OPENING

The Chairman welcomed the attendees and declared the meeting open at 4.31pm

2. RECORD OF ATTENDANCE AND APOLOGIES

Councillors

Cr. Charles Hohnen	Chairman	Shire of Peppermint Grove
Cr. Bruce Haynes	Deputy Chairman	Town of Claremont
Cr. Stephanie Stroud	Member	City of Subiaco
Cr. Paul Shaw	Member	Town of Mosman Park
Cr. Lorraine Young	Member	Town of Cottesloe

Staff

Mr. Stefan Frodsham	Chief Executive Officer	WMRC
Ms. Alexandra Bell	Manager Finance & Governance	WMRC
Ms. Libby Eustance	Manager Member Council Services	WMRC

Leave of Absence

Nil

Visitors

Observers

Apology

Mr. Keith Swift	Manager Operations	WMRC
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3. DISCLOSURES OF INTERESTS

Nil

4. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

5. PUBLIC QUESTION TIME

Nil

6. APPLICATIONS FOR LEAVE OF ABSENCE

Nil

7. PETITIONS, APPROVED DEPUTATIONS AND PUBLIC STATEMENTS

Nil

8. ANNOUNCEMENTS BY THE PERSON PRESIDING WITHOUT DISCUSSION

Nil

9. REPORTS OF COMMITTEES AND OFFICERS

9.1 2020-21 FEES AND CHARGES

Responsible Officer:	Manager Finance & Governance
Date:	18 June 2020
Attachment:	Attachment 9.1A Proposed 2020-21 Fees and Charges

SUMMARY

To confirm the adoption of the fees and charges for the 2020/21 financial year. Please note the addition of a minimum charge for Construction and Demolition Waste for both Member Councils and Commercial customers.

BACKGROUND

Fees and Charges should be adopted before the Annual Budget, as they form part of the information on which the Annual Budget is based. Indicative Fees and Charges have been circulated to Member Councils to assist them in their budget setting processes.

DETAIL

WMRC has been aggressively pursuing reductions in Gate Fees for its Member Councils in the recent past. This year the price of Construction and Demolition Waste has been drastically reduced and limits on accepted quantities have been removed to attract more commercial customers. The entire schedule of Fees and Charges, including Commercial and Other Fees and Charges, is included at Attachment 9.1A Proposed Fees and Charges 2020/21.

Discounts for High Volumes

The following discount structure is proposed for high volume customers. It is hoped that this will encourage additional business to use the Recycling Centre. Few commercial customers currently bring in volumes close to the threshold volumes.

PROPOSED DISCOUNTS FOR HIGH VOLUMES		
Bulk and General Waste	0 - 1,199 tonnes	0%
Bulk and General Waste	1,200 - 2,399 tonnes	5%
Bulk and General Waste	Over 2,400 tonnes	a further 5%
Greenwaste	0 - 599 tonnes	0%
Greenwaste	600 - 1,199 tonnes	5%
Greenwaste	Over 1,200 tonnes	a further 5%
Discounts available by prior arrangement for account customers only. Discounts are calculated on a financial year basis. When a customer passes a discount threshold, the		

discount will apply to all tonnes received from that customer in a financial year. Discounts are not applicable for WMRC Member Councils.

STATUTORY ENVIRONMENT

Section 6.2 of the Local Government Act 1995 requires that not later than 31 August in each financial year, or such extended time as the Minister allows, each local government is to prepare and adopt, (by Absolute Majority) in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the next following 30 June.

Section 6.16 of the Local Government Act 1995 permits the imposition of fees and charges when adopting the annual budget or during the financial year via an Absolute Majority decision of Council.

CONSULTATION

Indicative Fees and Charges have been circulated to Member Councils to assist them in their budget setting processes.

REPORT IMPLICATIONS

Policy Implications

Implications under WMRC policies

Financial Implications

The fees and charges seek to clearly show the financial effects that will impact on Member Councils for the 2020-21 year.

Strategic Implications

WMRC has been aggressively pursuing reductions in Gate Fees for its Member Councils.

COMMENTS

Nil

VOTING REQUIREMENT

Absolute majority

Moved: Cr Shaw Seconded: Cr Young

RESPONSIBLE OFFICER'S RECOMMENDATION

9.1.1 That Council by absolute majority pursuant to section 6.16 of the Local Government Act 1995, confirm the adoption of the Fees and Charges included as Attachment 9.1A

Carried 5/0

9.2 ANNUAL BUDGET 2020-21

Responsible Officer:	Finance & Governance Manager
Date	18 June 2020
Attachment 9.2A:	Annual Budget 2020-21

SUMMARY

This report is to reconfirm the adoption of the WMRC Annual Budget 2020-21 (Attachment 9.2A) together with supporting schedules. The fees and charges proposed to apply from 1 July 2020 are set out in report item 10.4.

BACKGROUND

The annual budget was prepared to include information required by the Local Government Act 1995, Local Government (Financial Management) Regulations 1996 and Australian Accounting Standards.

The Department of Local Government, Sport and Cultural Industries has informed us that the budget for the 20/21 financial year is not to be approved prior to 1 June 2020. Therefore, the budget needs to be re-approved. There is one small change in this version of the budget which is the name Communications and Education has been updated to Member Council Services

DETAIL

The new financial model, adopted by council at the December 2018 OCM (item 10.8), provided for the majority of overhead costs to be shared by Member Councils on a population basis; leaving variable costs to be met by gate fees. Commercial fees and charges include a contribution to overheads. This arrangement provides for greater financial certainty for both WMRC and Member Councils.

Member Council contributions to overheads first applied from 1 January 2019. Contribution levels were unchanged in the 2019-20 budget. The draft 2020-21 budget provides for a reduction of 2.6% in the overhead contributions. The reduction stems from cost savings achieved by WMRC and increasing operating revenues from commercial customers and the general public.

Increased operating revenues and expenses flow from forecast additional waste throughput.

Gate fees for Member Councils are unchanged except in the case of inert waste, where under new arrangements the material will be recycled rather than disposed of to landfill. The change will reduce the Member Council gate fee by \$85 per tonne - from \$145 down to \$60.

The cost per tonne of haulage and disposal is unchanged from 2019-20 with the WMRC and its Member Councils and other customers continuing to benefit from the significant reductions in haulage, disposal and recycling costs achieved by WMRC in the past 18 months.

2020-21 Budget Summary

Summary	Revised Budget 2019-20	2020-21 Budget	Variance
Revenue	3,462,889	3,521,181	1.7%
MC contributions	1,915,283	1,865,211	-2.6%
Total	5,408,127	5,386,392	-0.4%
Expenses			
Administration and legal	1,859,076	1,584,988	-14.7%
Transfer Station	3,865,533	3,924,158	1.5%
Comms and Ed	381,809	377,094	-1.2%
Governance	55,942	54,600	-2.4%
Total	6,162,360	5,940,839	-3.6%
Asset Sales	2,850	8,000	180.7%
Net Position	(337,589)	(546,447)	62%

2020-21 Income Summary

Major Income	Revised Budget 2019-20	Out-turn 2019-20 estimate	Budget 2020-21	Variance
Tipping Fees - Landfill	1,740,160	1,768,492	1,800,567	3.5%
Tipping Fees - Commercial	360,660	394,382	373,941	3.7%
Resident Service Fees	260,000	288,675	288,000	10.8%
Tipping Fees - bulk waste	36,425	87,182	71,835	97.2%
Member greenwaste	82,673	90,957	98,146	18.7%
Non-Member greenwaste	128,000	142,548	149,576	16.9%
Member GO Bin	74,400	64,128	139,500	87.5%
Trailers greenwaste	58,176	57,807	98,546	69.4%
Verge Valet	3,185	4,683	153,035	4,704.9%
Member Council Contributions	1,915,238	1,915,238	1,865,211	-2.6%
Other revenues	749,210	675,029	348,035	-53.5%
Total	5,408,127	5,489,121	5,386,392	-0.4%

2020-21 Expenditure Summary

Major Expense	Revised Budget 2019-20	Out-turn 2019-20 estimate	Budget 2020-21	Variance
Waste disposal - landfill	1,669,004	1,888,126	1,950,000	16.8%
Haulage - disposal	201,752	183,949	211,542	4.9%
Haulage - recycling	140,999	165,773	230,964	63.8%
Greenwaste	191,617	181,230	190,000	-0.8%
Bulkwaste processing	360,728	73,349	85,000	-76.4%
Verge Valet	71,431	7,419	134,635	88.5%
Salaries	1,376,027	1,312,495	1,266,100	-8.0%
Superannuation	216,727	165,343	233,488	7.7%
Workers' Compensation	29,865	39,375	53,522	79.2%
Insurance	37,247	37,249	39,111	5.0%
Other including services	1,866,963	1,775,252	1,546,477	-17.2%
Total	6,162,360	5,829,560	5,940,839	-3.6%

The 2020-21 Budget is framed in keeping with the budgetary principles expressed by Council at its February 2019 Ordinary Council Meeting to the effect that:

- variable charges for Member Councils should reflect the marginal costs of providing the services
- commercial fees should be reduced in order to attract more throughput to achieve economies of scale
- contingent risk should be minimised
- costs should be contained
- the Reserve Fund should be maintained at a minimum level of \$1m.

Capital Expenditure

The items of Capital Expenditure shown in the budget are proposed to be funded from the Future Development Reserve Account funds and are included in Annual Budget 2020-21.

Variance Reporting

Each year Council is required to adopt a percentage or value to be used in statements of Financial activity for reporting material variances, as required by Clause 34(5) of the *Local Government (Financial Management) Regulations 1996*.

At its Council Meeting held in August 2015, Council adopted a variance threshold of 10% for the 2014-15 and 2015-16 financial years. A continuation of a material variance threshold of 10% is recommended for the 2020-21 financial year.

Reserves

The Annual Budget 2020-21 includes a net movement of \$395,479 in Reserve Fund Transfers. The level of Reserve funds as at 30 June 2021 is forecast to be \$1.5 M.

Salaries & Wages

Salaries and wages estimated in the Annual Budget 2020-21 are forecast to decrease by 8.0% compared with the Revised 2019-20 Budget. The budget includes provision for a modest 1% CPI-based pay increase as from 1 July 2020. The estimated savings to salaries and wages stem from:

- improved rostering procedures adopted as from March 2020 including the change from a 5-day to a 7-day ordinary hours roster;
- correctly paying for overtime;
- correctly applying casual loadings; and
- reductions achieved in the cost of remuneration of managers.

The extent of these savings made effectively funds the recently introduced 24% increase in the opening hours of the West Metro Recycling Centre.

STATUTORY ENVIRONMENT

Section 6.2 of the Local Government Act 1995 requires that not later than 31 August in each financial year, or such extended time as the Minister allows, each local government is to prepare and adopt, (by Absolute Majority) in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the next following 30 June.

Section 6.16 of the *Local Government Act 1995* permits the imposition of fees and charges when adopting the annual budget or during the financial year via an Absolute Majority decision of Council.

The Local Government (Financial Management) Regulations 1996 details the form and content of the budget. The 2020-21 budget as presented is considered to meet annual requirements.

CONSULTATION

Nil

REPORT IMPLICATIONS

Policy Implications

Councillor Fees, Allowances and Reimbursements are consistent with the requirements of Band 4 of the Salaries and Allowances Tribunal 'Determination of Fees, Allowances and Expenses for Local Government Elected Council Members'

Financial Implications

The proposed member Council fees and charges plus the direct contribution will impact on member Council finances for the 2020-21 year.

The 2020-21 Budget provides for the following income and expenditure:

Member Council Contributions	\$ 1.86 million
Operating Revenue	\$ 3.52 million
Operating Expenditure	\$ 5.94 million
Reserve funds to fund the operational deficit	\$ 0.39 million
Capital Expenditure	\$ 283,000

Strategic Implications

The development of the Annual Budget 2020-21 is in line with Strategic Direction 1 - Achieve a comprehensive, cost effective waste management service across the region.

COMMENTS

The 2020-21 Budget is framed on conservative estimates of revenue. There may be considerable upside on revenues depending on the success of current business development initiatives in keeping with the objective of the WMRC to extend its services across the central west metropolitan catchment area.

VOTING REQUIREMENT

Absolute majority

Moved: Cr Haynes Seconded: Cr Young

RESPONSIBLE OFFICER'S RECOMMENDATIONS

- 10.5.1 Council, pursuant to section 5.98 and 5.99 of the Local Government Act 1995 and regulation 33 and 34 of the Local Government (Administration) Regulations 1996, adopt unchanged annual fees and allowances for payment of elected members.**
- 10.5.2 Council, pursuant to regulation 34(5) of the Local Government (Financial Management) Regulations 1996, and AASB 1031 Materiality, adopt the level to be used in statements of financial activity in 2020-21 for reporting material variances being 10%**
- 10.5.3 Council, pursuant to the provisions of section 6.2 of the Local Government Act 1995 and Part 3 of the Local Government (Financial Management) Regulations 1996, adopt the Municipal Fund Budget as contained in Attachment 10.5 for the 2020-21 financial year which includes the following:**

- (a)** Statement of Comprehensive Income by Program showing a net result for that year of -\$546,447 which is the net result following Member Council contributions but not transfers from reserve.
- (b)** Statement of Comprehensive Income by Nature and Type showing a net result for that year of -\$546,447 which is the net result following Member Council contributions but not transfers from reserve.
- (c)** Statement of Cash Flows.
- (d)** Notes to and forming part of the Budget.

Carried 5/0

10. INFORMATION BULLETINS

Nil

11 MOTIONS FOR WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

12 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

Nil

13 MEMBERS' QUESTIONS WITHOUT NOTICE

Nil

14 URGENT BUSINESS APPROVED BY THE PERSON PRESIDING OR BY DECISION

Nil

15 MATTERS BEHIND CLOSED DOORS

Nil

16 BUSINESS NOT DEALT WITH FROM A PREVIOUS MEETING

Nil

17 GENERAL BUSINESS

Nil

18 CLOSURE OF MEETING

The chairman thanked all attendees and declared the meeting closed at 4.40PM

Next meeting: 6 August 2020 at the Town of Claremont or online.