

Agenda

SPECIAL COUNCIL MEETING (SCM 6/24)

30 October 2024
Commencing at 4.30 PM

WMRC Administration Office
2/317 Churchill Avenue, Subiaco
and
Online

Dear Chair and Councillors

I advise that a Special Council Meeting of the Western Metropolitan Regional Council will be held at the WMRC Offices on **30 October 2024** commencing at **4.30 pm** for the purposes of addressing matters relating to Recycling Centre renewal and fleet acquisition, along with associated authorisations and budget amendment requirements .



Stuart Devenish

Chief Executive Officer

25 October 2024

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.

Stuart Devenish

Chief Executive Officer

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1. DECLARATION OF OPENING

2. RECORD OF ATTENDANCE AND APOLOGIES

Councillors

Cr. P Kelly	Chair	Town of Claremont
Cr. A Maurice	Deputy Chair	Town of Mosman Park
Cr. P Macintosh	Member	Shire of Peppermint Grove
Cr. R de Vries	Member	City of Subiaco
Cr. B Wylynko	Member	Town of Cottesloe

Staff

S Devenish	Chief Executive Officer	WMRC
R Bryant	Manager Operations	WMRC
L Eustance	Manager Communications & Education	WMRC
Y Wang	Manager Corporate Services	WMRC

Leave of Absence

Nil

Visitors

Observers

Apology

- 3. DISCLOSURES OF INTERESTS**
- 4. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE**
- 5. PUBLIC QUESTION TIME**
- 6. APPLICATIONS FOR LEAVE OF ABSENCE**
- 7. PETITIONS, APPROVED DEPUTATIONS AND PUBLIC STATEMENTS**
- 8. ANNOUNCEMENTS BY THE PERSON PRESIDING WITHOUT DISCUSSION**

9. REPORTS OF COMMITTEES AND OFFICERS

It is proposed that the following item:

9.1 Business Case – Recycling Centre Renewal and Fleet Acquisition be considered in a closed session.

RESPONSIBLE OFFICER RECOMMENDATION:

That in accordance with Sections 5.23(2) of the *Local Government Act 1995*, the meeting is closed to members of the public with the following aspect of the Act being applicable to these matters:

9.1 (c), (e)

- (a) *a matter affecting an employee or employees;*
- (b) *the personal affairs of any person;*
- (c) *a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting; and*
- (d) *legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting; and*
- (e) *a matter that if disclosed, would reveal —*
 - (i) *a trade secret; or*
 - (ii) *information that has a commercial value to a person; or*
 - (iii) *information about the business, professional, commercial or financial affairs of a person, where the trade secret or information is held by, or is about, a person other than the local government.*
- (f) *a matter that if disclosed, could be reasonably expected to —*
 - (i) *impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law; or*
 - (ii) *endanger the security of the local government's property; or*
 - (iii) *prejudice the maintenance or enforcement of a lawful measure for protecting public safety; and*
- (g) *information which is the subject of a direction given under section 23(1a) of the Parliamentary Commissioner Act 1971; and*
- (h) *such other matters as may be prescribed.*

9.1 BUSINESS CASE – RECYCLING CENTRE RENEWAL AND FLEET ACQUISITION – CONFIDENTIAL REPORT

Responsible Officer: Chief Executive Officer
Date: 30 October 2024
Attachment: **CONFIDENTIAL 9.1A Business Case Recycling Centre Renewal and Fleet Acquisition**
9.1B Review of Business Case – Paxon

PURPOSE

To consider adoption of a Business Case for initiatives that will modernise municipal solid waste handling at the WMRC Recycling Centre.

BACKGROUND

At its meeting on 1 August 2024, Council addressed WMRC Recycling Centre operational matters to set directions for infrastructure renewal. This recognised the need to upgrade the aged current NCH Silo System, resolving safety and operational concerns.

The report to Council in August 2024 considered a phased approach, namely:



Phase 1 involves assessing the feasibility of utilising a static compactor to process residual municipal solid waste (MSW) in lieu of the silo transfer system.

Council resolved that a further report be presented to the September 2024 Ordinary Council meeting to address required improvements. A workshop was subsequently held with Councillors on 19 September, with a confidential report presented to the Council meeting on 26 September. At the meeting, Council resolved to support-in-principle a transition away from the NCH silo system to a static compactor system along with a move from contracted to self-haulage practices.

The resolution enabled the administration to undertake further work including additional due diligence necessary to confirm project viability and feasibility, and to prepare a suitable financial model demonstrating means to fund capital required to facilitate works and acquisition of fleet.

A confidential Business Case has been prepared as confidential attachment 9.1A. The further evaluation work undertaken is set out with proposals assessed against stated business objectives.

The business objectives in relation to waste receipt, aggregation and haulage are:

1. Ensure business continuity (including redundancy provisioning)
2. Establish scalability to manage increased waste volumes
3. Reduce workplace health and safety risks

4. Achieve operational efficiency
5. Achieve satisfactory return on investment
6. Achieve competitive waste processing charge rates
7. Ensure affordable and achievable financial strategy

The Business Case is confidential as it addresses contractual matters and information that has commercial value.

DETAIL

The Business Case outlines plans that will improve waste management processes at the WMRC Recycling Centre, reduce haulage costs and meet the identified business objectives. Two investment initiatives to achieve these improvements are:

1. installation of a general waste bunker and equipment associated with the loading chute to support the operation of a single static compactor to process food organics/garden organics (FOGO) and residual municipal solid waste (MSW); and
2. acquisition of two trailers and a prime mover to haul waste from the Recycling Centre.

A capital investment of \$250,000 to allow all MSW and FOGO waste to be processed through the static compactor is proposed. This compares with around \$1M otherwise required to renew the existing NCH silo system. Further, an investment of \$1M in fleet reduces net costs by around \$30K per year. Significantly, this saving is achieved while funding infrastructure renewal and compares to current operational costs without renewal.

RISK MANAGEMENT

The proposals addressed in this report address the following areas of the Corporate Risk Register:

- Reputational R1, R2, R3, R6
- Governance G1, G4
- Strategic S1, S2
- Commercial and legal C3
- Health and safety HS1, HS3, HS4, HS16, HS22, HS26
- Financial F3, F4
- Operational O2, O3, O6, O8
- HR Management H6

COMMUNICATION AND CONSULTATION

Nil

REPORT IMPLICATIONS

Legislation and Policy Alignment

Section 3.59 of the *Local Government Act 1995* provides for commercial enterprises by local governments. While the terms of the Business Case addressed by this report do not fall within the requirements of these provisions, the document addresses the scope of assessment prescribed by the Act.

Business and Strategic Alignment

Progressing renewal plans and operational upgrades is aligned to the following key strategies of the adopted Strategic Community Plan:

1. Achieve a comprehensive, cost-effective waste management service across the region
2. Increase the number of Councils, businesses and people using our services
3. Maintain a safe, strong and capable organisation

Financial and Resource Implications

The Business Case addresses capital and operational expenditure implications associated with waste infrastructure renewal and contracted haulage arrangements. These matters are also addressed in item 9.2 on this agenda.

COMMENTS

The Business Case addressed by this report progresses Phase 1 of the 3-phase approach to modernise operations at the Recycling Centre.

Renewal or replacement of the ageing silo system at the Recycling Centre is essential to maintain services to member Councils. Delays in attending to this increases the likelihood of high consequence service disruption. It also retains safety risks associated with the operation.

The Business Case advances the stated business objectives of improving service reliability, providing scalability, improving worker safety, achieving operational efficiency, providing a return on investment, improving market-competitive costs of processing and being financially achievable.

An independent review by Paxon validates the scope of assessment, assumptions, calculations and achievement of business objectives. Attachment 9.1B contains the review finding.

Next steps to implement the renewal proposals include;

1. Amending the terms of the adopted budget (report item 9.2 refers)
2. Establishing a loan facility
3. Preparing specifications for; trailers, waste bunker and chute mechanism.
4. Procurement processes (incl. tender)
5. Arrangements with current haulage contractor

Adoption of the Business Case is recommended to enable actions to be implemented.

VOTING REQUIREMENT

Simple majority.

RESPONSIBLE OFFICER'S RECOMMENDATION

- 9.1.1 That Council adopt the Business Case – Recycling Centre Renewal and Fleet Acquisition as included at Attachment 9.1A.**

9.2 BUDGET AMENDMENTS – RECYCLING CENTRE RENEWAL AND FLEET ACQUISITION

Responsible Officer: Chief Executive Officer

Date: 30 October 2024

Attachment: Nil

PURPOSE

To consider adoption of budget amendments that will enable renewal works at the Recycling Centre and fleet acquisition for waste haulage, along with authorising consequential actions.

Adoption of budget amendments is contingent on the adoption of the Business Case detailed at item 9.1.

BACKGROUND

On 6 June 2024, Council adopted the annual budget for 2024/25 based on terms consistent with established operational arrangements. This included capital and operational expenditure allocations to sustain the NCH silo system and contracted haulage.

DETAIL

The Business Case addressed at item 9.1 incorporates a detailed financial evaluation of renewal works and fleet acquisition. In support of the initiative, financial statements have been prepared, contrasting the adopted budget with the proposed arrangements, namely statement of comprehensive income by nature, statement of financial activity and statement of cash flows. Budget allocations reflecting the recommended arrangements are detailed within the recommendation.

Key amendments are:

- Account 13212 – enable acquisition of trailers
- Account 13312 – enable waste bunker works and chute machinery
- Account 38100 and 12101 – movement of reserve funds
- Account NEW – recognition of loan funds
- Account NEW – loan repayment

The recommended schedule of amendments addresses the revenue, reserve fund movement and expenses expected for the 2024/2025 budget. The FY 2025/2026 budget will capture all remaining adjustments for other operational expenses that will apply thereafter. It can be noted there are no changes to revenue.

RISK MANAGEMENT

The budget amendments will enable initiatives to be implemented that will address the following areas of the Corporate Risk Register:

Reputational R1, R2, R3, R6

Governance G1, G4

Strategic S1, S2
Commercial and legal C3
Health and safety HS1, HS3, HS4, HS16, HS22, HS26
Financial F3, F4
Operational O2, O3, O6, O8
HR Management H6

COMMUNICATION AND CONSULTATION

Nil

REPORT IMPLICATIONS

Legislation and Policy Alignment

Nil

Business and Strategic Alignment

Progressing renewal plans and operational upgrades is aligned to the following Key Strategies:

1. Achieve a comprehensive, cost-effective waste management service across the region
2. Increase the number of Councils, businesses and people using our services
3. Maintain a safe, strong and capable organisation

Financial and Resource Implications

Financial implications are directly addressed within report 9.1 and the associated Business Case. The Business Case considered budget impacts across a full financial year. Implementation of the initiatives requires budget amendments for the current financial year as detailed within the recommendation.

COMMENTS

Adoption of the budget amendment is recommended to enable implementation of the initiatives set out within the Business Case as presented at item 9.1, noting the arrangements will be phased in over the current and next financial years.

VOTING REQUIREMENT

Absolute majority.

RESPONSIBLE OFFICER'S RECOMMENDATION

9.2.1 That Council resolve by absolute majority, to approve the following amendments to the adopted 2024/2025 budget:

Account		Type	2024/25 Budget \$	Amended Budget \$
RC - Training	62117	Expense	6,000	7,000
RC - Kubota Expense	62284	Expense	8,231	10,231
RC - Maintenance - Compactors	62285	Expense	8,000	10,000
Payment for PPE	13212	Asset	45,000	1,095,000
Payment for Infrastructure	13312	Asset	170,000	370,000
NEW – Loan	2XXXX	Liability	0	750,000
NEW – Repayment of Borrowing	2XXXX	Liability	0	22,632
NEW – RC Loan Interest	6XXXX	Expense	0	9,978
Development Reserve	38100	Equity	662,333	162,333
Commonwealth Cheque Account	12101	Asset	516,250	1,016,250

9.2.2 Subject to the allocations within 9.2.1 above, Council authorise the following actions:

- a) The establishment of a loan facility for \$750,000;**
- b) A call for tenders for the acquisition of two rear blade ejection trailers;**
- c) the acquisition of a prime mover suitable for rear blade ejection trailers; and**
- d) works required to create a waste bunker and machinery installation for waste loading.**

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- 18 CLOSURE OF MEETING**

18 October 2024

Mr Stuart Devenish
Chief Executive Office
Western Metropolitan Regional Council
2/317 Churchill Avenue
SUBIACO WA 6008

Ref: WMRC

Dear Mr Devenish

REVIEW OF BUSINESS CASE | RECYCLING CENTRE RENEWAL AND FLEET ACQUISITION

The Western Metropolitan Regional Council (WMRC) engaged Paxon Group (Paxon) to review the principles of the internally prepared Business Case “Recycling Centre Renewal and Fleet Acquisition”.

WMRC provided Paxon with a ‘draft’ Business Case document and a detailed ‘site and haulage capacity calculations’ excel spreadsheet that was reviewed as part of the engagement. No other documentation or information was reviewed as part of this engagement.

1. Purpose of the Business Case

To improve the waste management process at the WMRC Recycling Centre and reduce haulage costs.

2. Requirements of the Business Case

The requirement for investment is for the following:

1. Installation of a general waste bunker and machinery associated with a loading chute to support the operation of a single static compactor to process food organics/garden organics (FOGO) and residual municipal solid waste (MSW); and
2. Acquisition of two trailers and a prime mover to haul waste from the Recycling Centre.

3. Review of key items of the Business Case

3.1 Problem Statement

The Business case clearly outlines the current problem that the business case principles in built on. It is objective and well designed and aligns with the priorities of WMRC. It outlines the options of trying to correct the problem with associated risks and costs.

The risks that have been identified throughout the business case are relevant and clearly identified. It is also noted that they provide support to the solutions presented.

3.2 Options Considered

The business case allows for clarity over the various options that were considered to correct the problems identified, in particular with the NCH Silo System and ending haulage contract.

3.3 Proposed Solution

The proposed solution offered is supported by the assessment of risk, other options, and financial. In addition, the proposal to use an existing static compactor to manage both waste types is a key driver in supporting the financial purpose of this business case.

The business case provides clear commentary and support around the following key items:

- Implementation costs
- Operational Risk
- Operating Capacity

The key assessment of the proposal for haulage is between contractor and self-haul. The business case breaks down in detail the criteria for contract services and how the service should benefit the organisation. The analysis of this by WMRC indicates that any upside by the contract services is outweighed by the options presented and what is currently being provided by management. This assessment by WMRC is valid and appropriate for the business case.

3.4 Financial Evaluation

The business case provides appropriate clarity of the options that are available with enough information to assess the preferred scenario. Projected costs were reviewed through detailed workings and the assumptions utilised were appropriate and met current market conditions. The costs savings that were highlighted were justified and supported.

The capital and fleet investment request aligns with current market conditions, and the proposed funding strategy is strongly supported with statements that highlights the difference of the two options to the current budget for the financial year 24/25:

- Forecast of Statement of Comprehensive income by nature
- Statement of Financial Activity
- Statement of Cashflows

The Budget Request is appropriate, and the metrics utilised are realistic to support this request.

4. Overall Assessment

We can advise that the key elements of a business case are included that will allow for assessment by Council. The objectives are clearly defined, and the proposed initiative is well-aligned with WMRC priorities.

The business case provides strong evidence supporting the need for the investment, with cost-benefit analysis demonstrating that the anticipated benefits far outweigh the associated costs. The financial plan is sound, with realistic funding sources and a clear financial outcome. With the appropriate risks identified and addressed.

In summary, this business case provides a well-rounded proposal.

Yours sincerely

PAXON GROUP



CAMERON PALASSIS
EXECUTIVE DIRECTOR
BEC., FCPA., CA., CTA