



# **AIRPORT, WATER AND WASTE COMMITTEE MEETING**

## **AGENDA**

**6 DECEMBER 2016**

*Your attendance is required at a meeting of the Airport, Water and Waste Committee to be held in the Council Chambers, 232 Bolsover Street, Rockhampton on 6 December 2016 commencing at 3.00pm for transaction of the enclosed business.*

A handwritten signature in black ink that reads "R. Cheesman".

**ACTING CHIEF EXECUTIVE OFFICER**  
29 November 2016

Next Meeting Date: 17.01.17

**Please note:**

In accordance with the *Local Government Regulation 2012*, please be advised that all discussion held during the meeting is recorded for the purpose of verifying the minutes. This will include any discussion involving a Councillor, staff member or a member of the public.

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**1 OPENING**

**2 PRESENT**

Members Present:

Councillor N K Fisher (Chairperson)  
The Mayor, Councillor M F Strelow  
Councillor R A Swadling  
Councillor A P Williams  
Councillor C E Smith  
Councillor C R Rutherford  
Councillor M D Wickerson

In Attendance:

Mr R Cheesman – Deputy CEO/General Manager Corporate Services

**3 APOLOGIES AND LEAVE OF ABSENCE**

**4 CONFIRMATION OF MINUTES**

Minutes of the Airport, Water and Waste Committee held 15 November 2016

**5 DECLARATIONS OF INTEREST IN MATTERS ON THE AGENDA**

## 6 BUSINESS OUTSTANDING

### 6.1 BUSINESS OUTSTANDING TABLE FOR AIRPORT, WATER AND WASTE COMMITTEE

**File No:** 10097  
**Attachments:** 1. Business Outstanding Table  
**Authorising Officer:** Evan Pardon - Chief Executive Officer  
**Author:** Evan Pardon - Chief Executive Officer

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#### SUMMARY

*The Business Outstanding table is used as a tool to monitor outstanding items resolved at previous Council or Committee Meetings. The current Business Outstanding table for the Airport, Water and Waste Committee is presented for Councillors' information.*

#### OFFICER'S RECOMMENDATION

THAT the Business Outstanding Table for the Airport, Water and Waste Committee be received.

# **BUSINESS OUTSTANDING TABLE FOR AIRPORT, WATER AND WASTE COMMITTEE**

## **Business Outstanding Table**

**Meeting Date: 6 December 2016**

**Attachment No: 1**

Date	Report Title	Resolution	Responsible Officer	Due Date	Notes
19 July 2016	Decommissioning of the West Rockhampton Sewage Treatment Plant - Additional Justification	THAT Council proceed with the previously adopted decision to decommission the WRSTP and construct a rising main to divert all WRSTP flows to the SRSTP and capital funding as per Table 1 be given budgetary consideration at the earliest opportunity.	Jason Plumb	31/12/2016	Budget allocation included in the September revision of the capital budget for Council adoption on 13 December. Once this allocation is adopted, this project will be tracked using the normal reporting processes
16 August 2016	Ongoing Management of Inflow and Infiltration in Sewerage Networks	<p>THAT Council receive this report and approve a selective inspection program for a period of three months from 1 September 2016 to 30 November 2016 of customer properties in South Rockhampton to enable defective or unauthorised connections to sewer to be identified and rectified in order to reduce inflow and infiltration to the sewerage networks during wet weather events.</p> <p>THAT a policy be developed in relation to raising and sealing access chambers on private property.</p>	Jason Plumb	31/12/2016	The inspection program has commenced and the early stage findings are being used to inform the development of a policy relating to works on access chambers located on private property.



**7 PUBLIC FORUMS/DEPUTATIONS**

Nil

## 8 OFFICERS' REPORTS

### 8.1 ROCKHAMPTON REGIONAL WASTE AND RECYCLING 2016-2017 ANNUAL PERFORMANCE PLAN

**File No:** 7927  
**Attachments:** 1. RRWR Annual Performance Plan 2016-17  
**Authorising Officer:** Peter Kofod - General Manager Regional Services  
**Author:** Craig Dunglison - Manager RRWR

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#### SUMMARY

*Rockhampton Regional Council's (Council) waste and recycling services were identified as a Type 2 business activities as defined in the Local Government Act.*

*Council, at its meeting on 24 August 2010, resolved that the waste and recycling business be commercialised.*

*Rockhampton Regional Waste & Recycling (RRWR) commenced operations as a Commercial Business Unit on 1 July 2011.*

*This plan is RRWR's agreement with Rockhampton Regional Council to deliver waste and recycling services. The plan describes RRWR's objectives and functions, commercialisation objectives, community service obligations, customer service objectives, reporting requirements, environmental management objectives, asset management objectives and financial policies.*

*This plan is required by Section 175 of the Local Government Regulation 2012 (the Regulation) which states that:*

- 1. there must be an annual performance plan for each commercial business unit;*
- 2. a local government's operational plan must include the annual performance plan for each of its commercial business units; and*
- 3. a performance plan may be amended at any time before the end of the financial year for which it is prepared.*

*Key financial and non-financial targets are detailed within this plan.*

#### OFFICER'S RECOMMENDATION

THAT the Rockhampton Regional Waste and Recycling 2016-2017 Annual Performance Plan be received.

# **ROCKHAMPTON REGIONAL WASTE AND RECYCLING 2016-2017 ANNUAL PERFORMANCE PLAN**

## **RRWR Annual Performance Plan 2016-17**

**Meeting Date: 6 December 2016**

**Attachment No: 1**

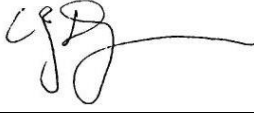


Performance Plan 2016-2017

Version No. 1 Date: 30/06/2016

RRWR Annual Performance Plan 2016-2017

**Approval and Revision Control****Authorisation**

Approved by	Title	Signature	Date
Craig Dungleison	Manager Rockhampton Regional Waste and Recycling		24/11/2016
Peter Kofod	General Manager Regional Services		
Adopted			Date
Airport, Water and Waste Committee			
Council			

**Revision**

Revision	Revised	Title	Signature	Date

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## 1. EXECUTIVE SUMMARY

Rockhampton Regional Council's (Council) waste and recycling services were identified as a Type 2 business activities as defined in the *Local Government Act*.

Council, at its meeting on 24 August 2010, resolved that the waste and recycling business be commercialised.

Rockhampton Regional Waste & Recycling (RRWR) commenced operations as a Commercial Business Unit on 1 July 2011.

This plan is RRWR's agreement with Rockhampton Regional Council to deliver waste and recycling services. The plan describes RRWR's objectives and functions, commercialisation objectives, community service obligations, customer service objectives, reporting requirements, environmental management objectives, asset management objectives and financial policies.

This plan is required by Section 175 of the *Local Government Regulation 2012 (the Regulation)* which states that:

1. there must be an annual performance plan for each commercial business unit;
2. a local government's operational plan must include the annual performance plan for each of its commercial business units; and
3. a performance plan may be amended at any time before the end of the financial year for which it is prepared.

Key financial and non-financial targets are detailed within this plan.

## 2. STRATEGIC DIRECTION

### 2.1. Vision, Mission, Values, Objectives

#### ***Vision***

We will be a leader in the sustainable management of waste.

We will achieve this by:

- The provision of well-run services and facilities;
- Meeting high environmental standards; and
- Meeting our customers' needs.

*(Extract from Strategic Business Plan adopted by Council 24 March 2009)*

#### ***Mission***

We are a waste management business unit of the Rockhampton Regional Council.

Our business involves:

- Procurement and management of waste management services and facilities;
  - Waste and recyclables collection management;
  - Landfill management;
  - Waste transfer station and bin station management;
-



- Strategic planning for waste management services;
- Specialist waste advice; and
- Waste information services.

Council staff and its contractors deliver these services every day to the community of the Rockhampton Regional Council.

*(Extract from Strategic Business Plan adopted by Council 24 March 2009)*

### **Values Statement**

Rockhampton Regional Waste & Recycling will provide a service which embraces the Rockhampton Regional Council corporate values and are committed to:

- Caring for the environment

We will protect the environment based upon legislative guidelines and best practice for the betterment of our community and future generations.

- Resource Recovery

We will value our earth commodities through implementing innovative and viable resource recovery practices.

*(Extract from Strategic Business Plan adopted by Council 24 March 2009)*

### **Council Values**

#### ***Accountable***

- We are proactive and take personal responsibility.
- We are clear on our expectations, if in doubt we seek clarification.
- We do what we say we will do and deliver our promises on time.
- We hold ourselves and others accountable.
- We take personal accountability for our own and others safety.
- We trust individuals to do their job.

#### ***Customer Focused***

- We are timely and responsive to our customers and community.
- Our decisions and actions have the customer and community at the front of mind.
- We engage with and listen to the customer.
- We support each other to achieve the best outcome for the customer.

#### ***People Development***

- Leaders coach, support and listen to their people.
- We support and develop our people to ensure they can reach their full potential.
- We will seek and provide feedback with the constructive intent.
- Development is focused on technical and behavioural capability.
- People are valued and treated with respect regardless of position.

***One Team***

- We work together to find solutions and opportunities.
- We openly share knowledge, information and resources in order to deliver the best outcome for the Council.
- We talk with each other and seek ways to collaborate.
- We understand our shared goals and how each area fits together.
- We develop solutions with the big picture in mind ensuring we encourage collaboration and consider the impact on others.
- Communication and engagement are priorities at all levels.

***Continuous Improvement***

- We take the time to explore better ways to do things.
- We listen to and genuinely value ideas from all staff.
- We accept mistakes will happen and we ensure we share the learnings.
- Continuous improvement is valued as an opportunity not an expense.
- We will be open to change, have an open mind and maintain a positive attitude.

**2.2. Objectives**

The key objectives of RRWR are to deliver commercially viable waste and recycling services that satisfy adopted customer services standards. Core business includes the following activities:

***General***

- Setting the strategic direction for Council's Waste Management Strategy; and
- Support of public education programs in relation to waste minimisation, reuse and recycling.

***Waste***

- Operation and management of two landfill sites at Rockhampton (Lakes Creek Road Landfill), and Gracemere (Gracemere Landfill)
- Operation and management of four manned and nine unmanned transfer station facilities / roadside bins stations currently located at:

***Manned Transfer Stations***

Lakes Creek Road; Alton Downs; Bouldercombe and Mount Morgan

***Unmanned Transfer Stations***

Bajool; Bushley; Dalma; Gogango; Laurel Bank; Marmor; Ridgeland; Upper Ulam; and Westwood

- Collection and disposal of domestic and commercial waste within the Rockhampton Region; and
- Providing waste management services to events and activities.

***Recycling***

- Management of contracted recycling service providers.
  - Provide recycling services to selected events
-

### 3. OPERATIONS

#### 3.1. Nature and Scope of Activities

RRWR is responsible for the operation and maintenance of waste and recycling assets totalling approximately \$41.9M (replacement value).

General functions of these assets include:

- the provision of waste collections points for the bulk transport of waste to two landfills;
- the provision of 'airspace' to receive the region's waste in an environmental sound process; and
- associated recycling and reuse support facilities at the two landfills and four manned waste transfer stations.

Broadly, the scope of RRWR (as at 30 June 2016 unless otherwise stated) is as follows:

Estimated Operating Revenue (2016/17)	\$20.6M
Estimated Operating Expenditure (2016/17)	\$17.8M
Number of staff (as at 30 June 2016)	32
Properties served – General Waste	31,336
Properties served – Recycling	31,212
Total Waste to Landfill - including kerbside waste collection but not including cover material (tonnes) (as at 30 June 2016)	73,916t
Kerbside Waste Collection (tonnes) (as at 30 June 2016)	23,760t
Recycling Collected (tonnes)	6,206t
Landfills	2
Transfer Stations - Manned	4
Transfer Stations - Unmanned	9

#### 3.2. Legislative Framework

In accordance with the *Local Government Act*, RRWR has a statutory objective to be commercially successful in carrying on its activities, and be efficient and effective in the provision of goods and delivery of its services including tasks carried out as community service obligations. RRWR, as the Council's waste and recycling commercial business activity, has been established as a 'commercial business unit' to provide sustainable, quality and efficient waste and recycling services to residential, commercial and industrial customers.

#### 3.3. Asset Protection Issues

The asset protection functions to be performed by RRWR for Council include:

- RRWR site based management plans for each facility; and
- RRWR work instructions e.g. Acceptance of Asbestos.

#### 3.4. Governance

The objectives of commercialisation are to improve overall economic performance and the ability of Council to carry out its responsibilities for good rule

and government, by establishing an efficient and effective commercial business unit; and establishing a framework for operation and accountability of the unit.

### **3.5. Community Service Obligations**

*The Local Government Regulation 2012 Chapter 3 Section 24 defines a community service obligation as:*

“A **community service obligation** is an obligation the local government imposes on a business entity to do something that is not in the commercial interests of the business entity to do.”

The Community Service Obligation (CSO) is to be treated as revenue for the activity of an amount equivalent to the cost of carrying out the obligation less any revenue arising from carrying out the obligation.

Council may direct RRWR to use internal services over external services and to provide services where it is not in commercial interests to do so. In each of these cases an appropriate CSO will be paid by Council. The budgeted value of CSOs in 2016/17 is detailed in Appendix 1.

When additional CSOs are identified within the period of this Performance Plan the valuation of the CSO will be in accordance with Council resolution.

## **4. COUNCIL SERVICE PROVIDER RIGHTS & RESPONSIBILITIES**

### **4.1. Provision of Services**

Council, as the owner of RRWR, will be responsible for approving the strategic direction and broad policies for the Business Unit.

Council will be responsible for providing a number of support services to RRWR including:

- Corporate governance support;
- Corporate business systems;
- Financial support services;
- Human resource services and systems;
- Safety support services and systems;
- IT services support and systems;
- Records management support and systems;
- Collection of revenue and infrastructure charges;
- Supply of fleet and plant; and
- Other miscellaneous support services (payroll, etc.).

The above support services will be provided via Council's internal service providers. RRWR is required to use internal support services over external service providers.

Any disputes concerning the availability or cost of the internal service provider and the urgency of the task to be undertaken will be resolved by mutual agreement between the General Manager Regional Services and the General Manager of the

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relevant Council Department with Council's Chief Executive Officer as the final adjudicator in line with the intentions of the commercialisation aspects of the *Local Government Act*.

RRWR with the approval of the Chief Executive Officer may use an external service provider when the internal providers are unable to provide delivery within a reasonable timeframe or at a cost that is commercially competitive.

#### **4.2. Service Level Agreements**

Service Level Agreements as listed below have been developed and implemented with internal Council service units that clarify the service and service standards to be delivered by both parties. The Service Level Agreement will facilitate continuous review and improvement of services provided to ensure best value is achieved.

**Customer Service \***

**Workforce & Strategy**

**Asset Services**

**Records Management \***

**Fleet Services**

**Local Laws**

**Marketing & Engagement**

**Civil Operations**

**Financial Services \***

**Engineering Services**

**Parks & Maintenance Support Services**

**Information Technology Services**

**Procurement and Logistics**

*\* These internal services are considered compulsory for RRWR to utilise and will be subject to CSO funding if required.*

The level of service provided by internal service providers have been defined in service level agreements between RRWR and the relevant Sections. Parties will apply the following objectives in the development of these service level agreements.

The objectives to be applied are to:

- Ensure, by way of a service level agreement, that formal trading arrangements exist between RRWR, support services and internal suppliers;
- Define the scope of internal services provided;

- Define non-legally binding, obligations and performance requirements for internal suppliers and customers involved in an agreement;
- Specify service standards including those related to quality and quantity;
- Specify the timeframes and timeliness of services to be provided;
- Ensure that internal suppliers progressively develop full cost pricing for service delivery; and
- Council's commitment to improve quality of internal service providers.

Furthermore, there is a commitment to continually improve the quality and cost of services provided by these internal units as stipulated by the Service Level Agreements.

#### **4.3. Council's Commitment to Improve Quality of Internal Service Providers**

In adopting this Performance Plan, Council recognises that the standard of service required of RRWR is heavily dependent upon Council's internal support service providers. There is a strong commitment by Council and its internal support service providers to deliver the quality of service required in accordance with the Service Level Agreements.

## **5. ROCKHAMPTON REGIONAL WASTE & RECYCLING GENERAL RESPONSIBILITIES**

### **5.1. General**

Council requires RRWR to carry out its undertakings in accordance with the requirements of the following:

- legislative obligations including the *Local Government Act* and other state and federal legislation;
- Council policies and procedures;
- licence conditions; and
- this Performance Plan.

While this Plan details RRWR's specific responsibilities, the following section outlines the more generic requirements of the business unit.

### **5.2. Levels of Service**

Council have set desired levels of service in line with overall funding considerations and implications on the long term financial plan. RRWR operates to provide target levels of service as part of longer term plans and these are as outlined in Appendix 2.

### **5.3. Customer Service**

RRWR is responsible for the contact and commitment with customers in accordance with Customer Service Standards (CSS). Commercial customers will also have a formal contract with Council but the service will be provided by RRWR on behalf of Council.

### **5.4. Delegated Authorities**

RRWR's overall delegated authorities are in accordance with *Section 260 of the Local Government Act*. Delegated authorities for specific RRWR staff are included in Council's Register of Delegations.

To protect its assets and to ensure that it can meet its performance agreement with Council, RRWR is responsible for managing and controlling the operations and development of the following where required in accordance with Council's adopted policies:

- Two landfill sites at Rockhampton and Gracemere; and
- Four manned and nine unmanned transfer station facilities / roadside bins stations.

The above facilities may change from time to time, as resolved by the Council, to meet the changing needs of the community and RRWR will be responsible to manage and control the waste infrastructure that is in place from time to time.

### **5.5. Resource Allocation**

With the approval of the Chief Executive Officer, the General Manager Regional Services is responsible for determining:

- the appropriate mix of internal and external resources necessary to carry out the undertakings of the business (in accordance with Council's Enterprise Bargaining Agreement); and
- the most appropriate organisational structure for carrying out the undertakings of the business below the establishment of each of the broad management areas in accordance with Council's delegations.

### **5.6. Dealing with External Parties**

RRWR will represent Council on relevant industry groups and working parties. RRWR will provide advice and recommendations for future planning and issues requiring involvement of the CEO and/or Mayor will be facilitated as required.

### **5.7. Compliance and Regulatory Reporting**

Council is the registered waste and recycling service provider with ultimate responsibility for compliance in service delivery.

RRWR will be responsible for managing the day to day requirements of Council's responsibilities under various licences and preparing required reports.

RRWR is responsible for the development of regulatory reports and delivery on the outcomes of the final approved plans including associated reporting.

### **5.8. Purchasing of Materials and Services and Disposal of Assets**

RRWR is bound by Council's purchasing, procurement and asset disposal policies.

## 6. ORGANISATIONAL STRUCTURE

Council has approved the following organisational structure for RRWR as appropriate for delivering its objectives as set out in the Corporate and Operational Plans.



## 7. KEY STRATEGIES

RRWR's key strategies for the 2016/17 financial year are set out in the Rockhampton Regional Council 2016/17 Operational Plan.

## 8. BUSINESS ACTIVITIES

### 8.1. Reporting to Council, Customers & Agencies

#### Reporting to Council

RRWR will report to Council through whatever forum the Council decides from time to time but such will be funded by CSO funding should it exceed commercial requirements.

#### Reporting to Customers

The *Local Government Act* requires that an annual statement on the operations of the commercialised business unit for the preceding financial year is given to the Local Government and included in the Local Government's Annual Report. RRWR will provide the following information to Council on its annual performance:

- Information to enable an informed assessment of the operations of RRWR including a comparison with its Annual Performance Plan.
- Particulars of any amendments made to its Annual Performance Plan in the financial year.
- Particulars of any directions to RRWR during the financial year (including directions about any CSOs to be carried out).
- Particulars of the impact that any changes to its Annual Performance Plan may have had on RRWR's financial position and operating surplus/deficit.



Council is required to satisfy the requirements set out in the *Local Government Act* and the *Local Government Regulation 2012*. RRWR will provide Council with the necessary information pertaining to waste and recycling services to enable it to comply with this requirement.

#### **Quarterly Reporting**

RRWR will prepare a quarterly report to the Council on its operations in accordance with the agreed format within one month after the end of each financial quarter or other time as agreed with Council.

The quarterly report will generally include the following:

- Manager's overview;
- Performance against the adopted Customer Service Standards;
- Financial Performance against budget;
- Compliance matters;
- Safety management; and
- Environmental management; and
- Any amendments proposed to this plan.

Other matters to be reported as required are:

- Risk management and strategic planning;
- Expenditure requirements greater than the delegation of the Chief Executive Officer;
- Exceptional circumstances and issues affecting policy;
- New statutory, regulatory and other information to facilitate informed policy making;
- Policies and future directions requiring Council endorsement; and
- Benchmarking of RRWR activities to state and/or nationally recognised published standards.

### Annual Reporting

RRWR will prepare an annual report within one (1) month after the auditor general gives the audit report about the local government's financial statements for the end of the financial year, in accordance with the *Local Government Act*, and additional information as required by the *Local Government Regulation 2012*.

The Annual Report will include all matters included in the quarterly report as well as the following financial indicators.

Item	2016/17 Target
Operating surplus ratio	19.6%
Interest coverage ratio	4.2%
Asset consumption ratio	80.4%
Gross revenue	\$20,561,921
Earnings before Interest, Tax, Depreciation and Amortisation	\$6,142,693
Competitive neutrality ratio (% of gross revenue)	1.9%
Depreciation ratio	6.7%
Total written down asset value	\$33,715,489
Return on assets	8.1%

### Commentary

**Operating surplus ratio** is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes. A positive result indicates that surplus revenue is available to support the funding of capital expenditure, offset past or future operating deficits or used to reduce current debt levels. This positive result shows that RRWR is raising enough utility and other revenue to meet its operating expenditure.

**Interest coverage ratio** is an indicator of the extent to which operating revenues are committed to funding interest expense on current loan borrowings and leases. The DLGP financial management guideline indicates that the target should be between 0% and 5%. For every dollar of operating revenue earned, RRWR is committed to paying 0.04152 cent interest on loan borrowings.

**Asset consumption ratio** is an indicator of the 'as new' value remaining in the assets. This ratio seeks to highlight the aged condition of the stock of physical assets. The DLGP financial management guideline indicates that the target should be between 40% and 80%. A low ratio indicates an aged stock of assets. A low indicator need not be a cause for concern as long as the assets are being maintained and replaced in accordance with an asset management plan and the business is operating sustainably. RRWR has 80.4% of 'as new' value remaining in its assets.

**EBITDA** (Earnings Before Interest, Taxes, Depreciation and Amortization) is a measure of profitability used as comparison within and across industry and is net income with interest, taxes, depreciation and amortisation added back to it. It eliminates the effects of financing and accounting decisions. It is a useful measure of profitability for business with large amounts of assets and/or debt. This shows the funds RRWR has available to fund interest payments and principle repayments on loans and can be used to acquire debt leverage.

**Competitive neutrality ratio** measures the extent to which operating revenues are committed to competitive neutrality adjustments such as tax equivalents and return to Council. RRWR is receiving 1.9% of its operating revenue from Council's general fund ie for every dollar of operating revenue earned RRWR receives from Council 0.01889 cents.

**Depreciation ratio** indicates the extent to which operating revenues are committed to funding depreciation. RRWR depreciation is 6.7% of its operating revenues ie for every dollar of operating revenue earned RRWR requires \$0.06732 cents to fund asset renewal.

**Return on assets** is an indicator of how profitable a business is relative to its total assets. ROA tells you what earnings were generated from invested capital (assets). It gives investors an idea of how effectively the company is converting the money it has to invest into net income. The higher the ROA number, the better, because the company is earning more money on less investment. RRWR return on assets indicates that it is not generating large earnings from its investment in capital. RRWR is generating net income of 0.08106 cents for every dollar of investment in assets.

*The Local Government Regulation 2012* requires that an annual statement on the operations of the commercial business unit for the preceding financial year is given to the local government and included in the Local Government's Annual Report. RRWR will provide the following information on its annual performance:

(a) information to enable an informed assessment of the operations of RRWR including a comparison with its Annual Performance Plan;

1. particulars of any amendments made to its Annual Performance Plan in the financial year;
2. particulars of any directions to RRWR during the financial year (including directions about any CSOs to be carried out); and
3. particulars of the impact that any changes to its Annual Performance Plan may have had on RRWR financial position; operating surplus/deficit and prospects.

RRWR will generate indicators as required which are measured annually for collation by State Government Agencies as part of the state wide annual comparative data collection process and the reporting requirements in respect of the Waste Reduction and Recycling Act.

## **8.2. Customer Service**

### **Customer Service Standards**

RRWR is determined to meet customer needs and provide quality services. Customer needs shall be evaluated by a variety of measures including, but not limited to stakeholder analysis and engagement through:

- Customer feedback;
- Analysis of services provided by other waste management agencies; and
- General waste collection.

Information on RRWRs customer service standards will be provided through customer service centres and on its web page.

When delivering services such as household waste collection, commercial waste collection, recycling services, waste advisory services and landfill waste disposal services, RRWR recognises that customers are entitled to be guaranteed of a certain level of service.

Specific Customer Service Standards are detailed in Appendix 2.

### **Customer Contact**

RRWR will be responsible for customer contact relating to all waste and recycling matters either directly or via Service Level Agreements with other relevant Departments of Council.

### **Contracts for Service Provision**

RRWR will maintain contracts for recycling collection services within the Rockhampton Regional Council collection area.

## **8.3. Risk Management**

RRWR will undertake to identify, assess and manage risks in relation to business risk, major asset failure, interruption to supply or delivery and environmental risk in accordance with the Rockhampton Regional Council Risk Management Framework.

## **8.4. Policy Compliance**

RRWR shall be bound by Council's corporate policies and procedures until such time that RRWR develops specific policies and procedures that improve its performance. Any such policies and procedures are subject to the proposed policy complementing the Council policy direction and the approval process.

## **8.5. Environment**

Responsible management of environmental issues is an essential part of achieving business objectives. Accordingly, RRWR will conduct activities in ways which will:

- Improve awareness and management of environmental risks and avoid, reduce and control pollution from operations;
- Promote the open exchange of environmental information with customers, suppliers and the community to improve environmental awareness and to obtain feedback on environmental performance;

- Ensure that environmentally appropriate practice is encouraged and integrated into business practices; and
- Promote waste minimisation and energy management within day to day operations.

RRWR is responsible for meeting Council's obligations under the *Environmental Protection Act* relating to waste and recycling. This responsibility shall include negotiating any new licences or amendments to existing licences, managing the licence and reporting to the relevant State Government bodies on performance aspects covered by any licences.

## **9. ASSETS**

### **9.1. Asset Management**

RRWR will manage assets to minimise the whole of life cost whilst achieving the desired levels of service. To achieve this objective the following are undertaken:

- Maintaining detailed asset registers;
- Maintaining asset valuations and depreciation schedules for the purpose of allowing Council to report externally in accordance with provisions of the *Local Government Act*, the *Local Government Regulation 2012*, and the Australian Accounting Standards Board; and
- Detailed planning, design and construction of new assets.

### **9.2. Asset Relationship**

Under National Competition Policy guidelines and the COAG reform agenda, RRWR is required to maintain an appropriate return on these assets which is in turn paid as a dividend to Council after reserve requirements are met.

## **10. FINANCIAL MATTERS**

### **10.1. Long Term Financial Strategy**

The two (2) tables contained within Appendix 3 provide the long term Operating and Capital Funding Statements for RRWR for the period 2016/17 to 2024/25.

### **10.2. Capital Structure**

RRWR will continue to improve long term financial planning models which upon adoption, will be incorporated into Council's overall financial strategy.

### **10.3. Funding Sources**

The following are the funding sources for the waste and recycling capital expenditure program:

#### Revenue

- loan borrowings, with repayments made from revenue.
- depreciation funding

Loans

Current liability (forecast closing as at 30 June 2017)	\$1.3M
2016/17 (proposed new loans)	\$2.6M
Capital Expenditure for 2016/17 is approximately	\$4.9M

**10.4. Operational Budget**

The operational budget as detailed in Council's financial strategic plan is as follows:

Total revenue for 2016/17 is estimated to be \$20.6M (inc CSO's) comprising:

Waste and Recycling Utility and Charges	65%
Fees and Charges	26%
Community Services Obligations & C.N.A's	8%
Other sources	1%

Total expenditure for 2016/17 is estimated to be \$17.8M comprising:

Operations Expense	81%
Depreciation	8%
Loan Interest	5%
Income tax and Dividends	7%

**11. FINANCIAL POLICIES****11.1. Accounting**

Financial statements are prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other pronouncements issued by the Australian Accounting Standards Board. They also comply with the requirements of the *Local Government Act* and the *Local Government Regulation 2012*. Financial statements are prepared under the historical cost convention except for the revaluation of certain non-current assets.

**11.2. Asset Depreciation**

The calculation of asset depreciation for external reporting and tax purposes shall be in accordance with the *Local Government Regulation 2012, AASB 116 – Property, Plant and Equipment Accounting Standard*, Australian Accounting Standards Board and the *Local Government Tax Equivalent Manual*, respectively.

Depreciation is calculated annually and effectively creates a cash backed source of funds available to fund RRWR's infrastructure replacement works. Other sources of funds for capital expenditure include grants and subsidies, loan borrowings and other reserves.

RRWR accumulates any unspent depreciation funds for the future capital renewal of waste and recycling assets to either maintain or reinstate their service potential.

### 11.3. Taxation

RRWR is required to pay the following taxes, either to Council or via Council to the relevant government agencies:

1. Commonwealth taxes including, fringe benefits and GST;
2. State taxes, and
3. All remaining taxes as tax equivalents directly to Council. These tax equivalents shall include:
  - Income tax;
  - Payroll tax
  - Land tax; and
  - Stamp duty.

### 11.4. Treatment of Surpluses / Losses

In accordance with Council resolution, after the required Return on Assets and Income Tax Equivalents have been forwarded to Council each year, any remaining surplus/loss will be held in a RRWR Recurrent or Capital Reserve. The Capital Reserve will be solely used for capital works expenditure to improve sustainable waste disposal. The amounts to be transferred to each reserve will be detailed at the time of the transfer to the applicable reserve.

### 11.5. Borrowing Policy

*Section 104 of the Local Government Act* requires a local government to have a financial management system, and this system must have a long term financial forecast and included within this system a debt policy. *Section 192 of the Local Government Regulation 2012* provides that a Council must prepare a debt policy each financial year and that the policy must state:

- new borrowings planned for the current financial year and the next 9 financial years; and
- the time over which it is planned to repay existing and new borrowings.

RRWR's Strategic Asset Management Plan Financial Strategy identifies new capital expenditure for projects over the 10 year planning horizon providing the basis for future borrowings.

The following principles underlie RRWR's Borrowing Policy:

- loans will only be used for capital expenditure; and
- long term capital works and borrowing strategies will be reviewed on a yearly basis and any necessary adjustments made, but any changes will be in line with the financial plan adopted by Council.

Where RRWR requires debt financing, Council will raise funds for RRWR. Council will make explicit the terms and conditions of all funds raised for RRWR, having due regard to Council's determination on RRWR's capital structure. RRWR will be

responsible for managing this debt and use Council's services where necessary to assist in this regard.

## **12. PRICING AND REVENUE COLLECTION**

### **12.1. Responsibility for Price Setting**

Council will be responsible for setting the price for waste and recycling services on an annual basis. RRWR will be responsible for:

- recommending to Council revenue targets for waste and recycling services;
- recommending price structures and price paths; and
- pro-actively communicating Council's decisions with respect to pricing to customers.

### **12.2. Revenue Target**

Consideration will be given to the following principles when setting the revenue targets for the financial year:

- full cost recovery including required rate of return;
- elimination of cross subsidies;
- economic, asset and ecological sustainability; and
- transparency in pricing regarding CSOs.

RRWR will actively work with Council to maximise the realisation of the above principles.

### **12.3. General Fees and Charges for Miscellaneous Activities**

In addition to the primary services of waste and recycling services, RRWR provides a number of other miscellaneous services directly to customers, such as:

- collection and disposal of waste from carnivals and special events including bin delivery, recovery and cleansing; and
- sale of mobile bins.

RRWR is responsible for recommending appropriate general fees and charges for such services to Council.

Where these are monopoly services, the basis for price setting will be full cost recovery. Where the services are provided into a competitive market, prices will be set having regard to the sustainability of the business activity and the market price for the services.

### **12.4. Revenue Collection**

RRWR in conjunction with Council's Finance and Business Services Department is responsible for revenue collection for the provision of waste and recycling services. Billing and debt management is the responsibility of Finance and Business Services.

### **12.5. Recovery for Damage to Infrastructure**

RRWR will recover compensation for third party damage to waste and recycling infrastructure.



**13. FINANCIAL STATEMENTS**

The *Local Government Regulation 2012* requires that RRWR must provide to Council an annual statement of operations and this statement must be included in Council's Annual Report.

**14. REVIEW OF PERFORMANCE PLAN**

The *Local Government Regulation 2012* allows a performance plan to be amended at any time before the end of the financial year for which it is prepared.

This Plan is to be reviewed and amendments made where necessary on a quarterly basis. Such a review or amendment of the plan should be as a result of the following:

- reviewing RRWR's actual performance and the reasonableness of the performance targets or standards set as part of the plan;
- resolution of any of the matters referred to in the plan as being unresolved; and
- any new direction of Council in relation to the overall strategic direction of RRWR.

**APPENDIX 1: COMMUNITY SERVICE OBLIGATIONS**

Community Service Obligations (CSOs) are the activities required by the Council that are not in RRWR's commercial interests to perform and do not arise because of an accountability for performance, or competitive neutrality.

CSOs have been identified and adopted by Council for 2016/17 in the following areas. These CSOs will be funded by a contribution from Council to RRWR.

**Transfer:**

Roadside Bin ops (Collection)	\$368,968
Roadside Bin ops (Clean Up)	\$41,756
Roadside Bins Disposal Cost	\$132,859
	<b>\$543,583</b>

**Collection:**

Boat Ramps Waste Service	\$14,843
	<b>\$14,843</b>

**Disposal:**

Old Landfills maintenance works	\$164,000
Tyres, Chemicals, Fridge Degassing, Gas Bottles	\$83,511
Charity Waste Policy	\$75,919
Green Waste	\$590,717
	<b>\$914,147</b>

**Strategic Management:**

Clean Up Australia Day	\$15,818
Waste Education	\$50,122
Waste Audit	\$60,763
	<b>\$126,676</b>

<b>Total</b>	<b>\$1,599,248</b>
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**APPENDIX 2: PERFORMANCE TARGETS FOR QUARTERLY REPORTING****Customer Service Standards**

<b>Performance Indicator</b>	<b>Target</b>
Weekly collection of domestic waste on the same day every week	98%
Weekly collection of commercial waste	95%
Fortnightly collection of domestic recyclable waste	98%
Fortnightly collection of commercial recyclable waste	98%
Missed service collection provided within two working days from notification when notification is within one working day of scheduled collection	95%
Collection services will be made available within four working days upon application by the owner	98%
Provision of assisted services within ten working days from application by the resident	100%
Repair or replacement of stolen, removed, damaged, vandalised mobile bins within four working days from notification	100%

**Financial Performance Targets**

<b>Indicator</b>	<b>Target</b>	<b>Reporting Frequency</b>
RRC Operational Plan	Initiatives successfully completed by year end	Quarterly
Operating Budget	Conduct all activities in accordance with required timelines and budget	Quarterly or when variations arise
Annual Revenue	Timely reporting of any significant variations to budget revenue and collection timing	Quarterly or when variations arise
Capital Works	Completion of capital program in accordance with adopted timeframe and budget (within 3%)	Quarterly or when variations arise

APPENDIX 3: LONG TERM OPERATING AND CAPITAL FUNDING STATEMENTS

	Year	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Operating Revenues/Expenses	<b>REVENUE</b>										
	RRWR Rates and Charges	13,323,774	13,856,724	14,397,137	14,973,022	15,497,078	16,039,476	16,600,857	17,181,887	17,783,253	18,405,667
	Income from other commercial services	5,276,571	5,419,039	5,603,286	5,799,401	6,002,380	6,212,463	6,429,899	6,654,946	6,887,869	7,128,944
	Interest Revenue	0	0	0	0	0	0	0	0	0	0
	Community Service Obligations & Competitive Neutrality Agreements	1,659,978	1,701,477	1,750,820	1,803,345	1,857,445	1,913,169	1,970,564	2,029,681	2,090,571	2,153,288
	Non-Capital Grants and Subsidies	40,800	41,534	42,365	43,212	44,077	44,958	45,857	46,774	47,710	48,664
	Other Revenue	260,798	265,492	270,802	276,218	281,743	287,377	293,125	298,988	304,967	311,067
	<b>Total Operating Revenue</b>	<b>20,561,921</b>	<b>21,284,267</b>	<b>22,064,410</b>	<b>22,895,199</b>	<b>23,682,722</b>	<b>24,497,443</b>	<b>25,340,303</b>	<b>26,212,276</b>	<b>27,114,371</b>	<b>28,047,631</b>
	<b>EXPENDITURE</b>										
	Operations Expense	14,419,227	14,779,708	15,208,319	15,664,569	16,134,506	16,618,541	17,117,097	17,630,610	18,159,529	18,704,315
	Maintenance Cost	0	0	0	0	0	0	0	0	0	0
	Management and Administration	0	0	0	0	0	0	0	0	0	0
	Depreciation	1,384,253	1,605,777	1,810,090	2,036,899	2,141,587	2,229,507	2,743,973	2,850,534	2,954,283	3,068,601
Other operating expenses (specify by way of note)	0	0	0	0	0	0	0	0	0	0	
<b>Total Operating Expenditure</b>	<b>15,803,481</b>	<b>16,385,485</b>	<b>17,018,410</b>	<b>17,701,468</b>	<b>18,276,093</b>	<b>18,848,048</b>	<b>19,861,070</b>	<b>20,481,145</b>	<b>21,113,811</b>	<b>21,772,916</b>	
<b>EBIT (Excl Capital adj)</b>	<b>4,758,440</b>	<b>4,898,783</b>	<b>5,046,001</b>	<b>5,193,730</b>	<b>5,406,629</b>	<b>5,649,395</b>	<b>5,479,233</b>	<b>5,731,131</b>	<b>6,000,559</b>	<b>6,274,715</b>	
Interest Expense	853,846	898,210	994,967	1,097,830	985,620	867,003	1,347,313	1,168,180	978,819	778,646	
<b>Net Operating Profit (Loss)</b>	<b>3,904,595</b>	<b>4,000,573</b>	<b>4,051,034</b>	<b>4,095,900</b>	<b>4,421,009</b>	<b>4,782,392</b>	<b>4,131,920</b>	<b>4,562,951</b>	<b>5,021,740</b>	<b>5,496,069</b>	
Abnormal (Capital) Adjustments	<b>ABNORMAL/CAPITAL RELATED REVENUE</b>										
	Capital Grants and Subsidies	0	0	0	0	0	0	0	0	0	0
	Developer Contributions (Infrastructure charges)	0	0	0	0	0	0	0	0	0	0
	Donated assets	0	0	0	0	0	0	0	0	0	0
	Funds from Disposal of Non current assets	0	0	0	0	0	0	0	0	0	0
	<b>Total Abnormal/Capital related Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>ABNORMAL/CAPITAL RELATED EXPENSE</b>											
Abnormal and Extraordinary Items	0	0	0	0	0	0	0	0	0	0	
<b>Total Abnormal/Capital Related Expense</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
PROFIT	<b>Total Operating Profit (EBIT + Inf Charges)</b>	<b>4,758,440</b>	<b>4,898,783</b>	<b>5,046,001</b>	<b>5,193,730</b>	<b>5,406,629</b>	<b>5,649,395</b>	<b>5,479,233</b>	<b>5,731,131</b>	<b>6,000,559</b>	<b>6,274,715</b>
	<b>Taxable Income(excl abnormals)</b>	<b>3,904,595</b>	<b>4,000,573</b>	<b>4,051,034</b>	<b>4,095,900</b>	<b>4,421,009</b>	<b>4,782,392</b>	<b>4,131,920</b>	<b>4,562,951</b>	<b>5,021,740</b>	<b>5,496,069</b>
	Income Tax Payable	1,171,378	1,200,172	1,215,310	1,228,770	1,326,303	1,434,718	1,239,576	1,368,885	1,506,522	1,648,821
	<b>Operating Profit (After Tax, before abnormals)</b>	<b>2,733,216</b>	<b>2,800,401</b>	<b>2,835,724</b>	<b>2,867,130</b>	<b>3,094,707</b>	<b>3,347,674</b>	<b>2,892,344</b>	<b>3,194,066</b>	<b>3,515,218</b>	<b>3,847,248</b>
	<b>Profit (Loss) after tax and incl. abnormals</b>	<b>2,733,216</b>	<b>2,800,401</b>	<b>2,835,724</b>	<b>2,867,130</b>	<b>3,094,707</b>	<b>3,347,674</b>	<b>2,892,344</b>	<b>3,194,066</b>	<b>3,515,218</b>	<b>3,847,248</b>
Distributed Profit (Dividend Paid from Operating Profit)	0	0	0	0	0	0	0	0	0	0	

Year	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
1. Subsidies & grants in relation to these works	0	0	0	0	0	0	0	0	0	0
2. Constrained Works Reserve	0	0	0	0	0	0	0	0	0	0
3. Donated assets	0	0	0	0	0	0	0	0	0	0
4. Other reserves for the purpose	0								0	
5. Loans raised	2,608,546	3,000,000	3,412,200	0	0	10,607,703			0	0
6. Internal loans									0	
7. Revenue from current year used for capital purposes	1,466,454									
8. Shareholder equity/Contributions										
<b>TOTAL</b>	<b>4,075,000</b>	<b>3,000,000</b>	<b>3,412,200</b>	<b>0</b>	<b>0</b>	<b>10,607,703</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance Check (Check = 0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Replacement Works</b>										
<b>Replacement capital works.</b>	803,300	1,284,600	1,326,208	1,403,198	897,285	1,364,520	990,768	847,817	1,055,992	961,271
<b>Loan redemption's</b>	1,045,186	1,305,483	1,610,748	1,965,145	2,077,354	2,195,971	3,137,172	3,316,304	3,505,665	3,705,839
<b>Total</b>	<b>1,848,486</b>	<b>2,590,083</b>	<b>2,936,956</b>	<b>3,368,342</b>	<b>2,974,640</b>	<b>3,560,491</b>	<b>4,127,940</b>	<b>4,164,122</b>	<b>4,561,657</b>	<b>4,667,109</b>
<b>Funded by:</b>										
1. Subsidies & grants in relation to these works		0	0	0	0	0	0	0	0	0
2. Disposal proceeds from non-current assets		0	0	0	0	0	0	0	0	0
3. Depreciation funds from current & previous years	1,384,253	1,605,777	1,810,090	2,036,900	2,141,587	2,229,506	2,743,973	2,850,534	2,954,283	3,068,601
4. Constrained Works Reserve										
5. Loans raised										
6. Revenue from current year used for capital purposes	464,233	984,306	1,126,866	1,331,442	833,053	1,330,985	1,383,967	1,313,588	1,607,374	1,598,508
7. Shareholder equity/Contributions										
<b>TOTAL</b>	<b>1,848,486</b>	<b>2,590,083</b>	<b>2,936,956</b>	<b>3,368,342</b>	<b>2,974,640</b>	<b>3,560,491</b>	<b>4,127,940</b>	<b>4,164,122</b>	<b>4,561,657</b>	<b>4,667,109</b>
<b>Balance Check (Check = 0)</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>

## 8.2 ROCKHAMPTON REGIONAL WASTE AND RECYCLING PARTICIPATION AT ROCKY SWAP 2016

**File No:** 1914  
**Attachments:** Nil  
**Authorising Officer:** Peter Kofod - General Manager Regional Services  
**Author:** Craig Dunglison - Manager RRWR

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### SUMMARY

*This report will put forward the results from Rockhampton Regional Waste and Recycling's participation in the 2016 Rocky Swap event. The aim of this involvement was to provide support to our Region's largest "re-use" event and to utilise the event as an opportunity for community engagement as well as collecting data on community recycling rates through an audit of the event's general waste and recycling bins. The report will present the data collected through the audit, the overall effectiveness of Rockhampton Regional Waste and Recycling's participation and also provide recommendations for future involvement with this event.*

### OFFICER'S RECOMMENDATION

THAT Rockhampton Regional Council approach the event coordinators to seek involvement and to provide support to the event in its approach to waste management and recycling.

### BACKGROUND

Rockhampton Regional Waste and Recycling sponsored the 2016 Rocky Swap event through free hire of general waste bins, and for the first time for this event, recycling bins. As part of the sponsorship, RRWR was offered a stall site by the Rocky Swap coordinators, as well as the opportunity to conduct a waste audit following the event.

### INFORMATION STALL

We hoped to use the event as an opportunity to encourage recycling; through both the inaugural supply of recycling bins at the event, as well as a physical presence from our team with information and giveaways.



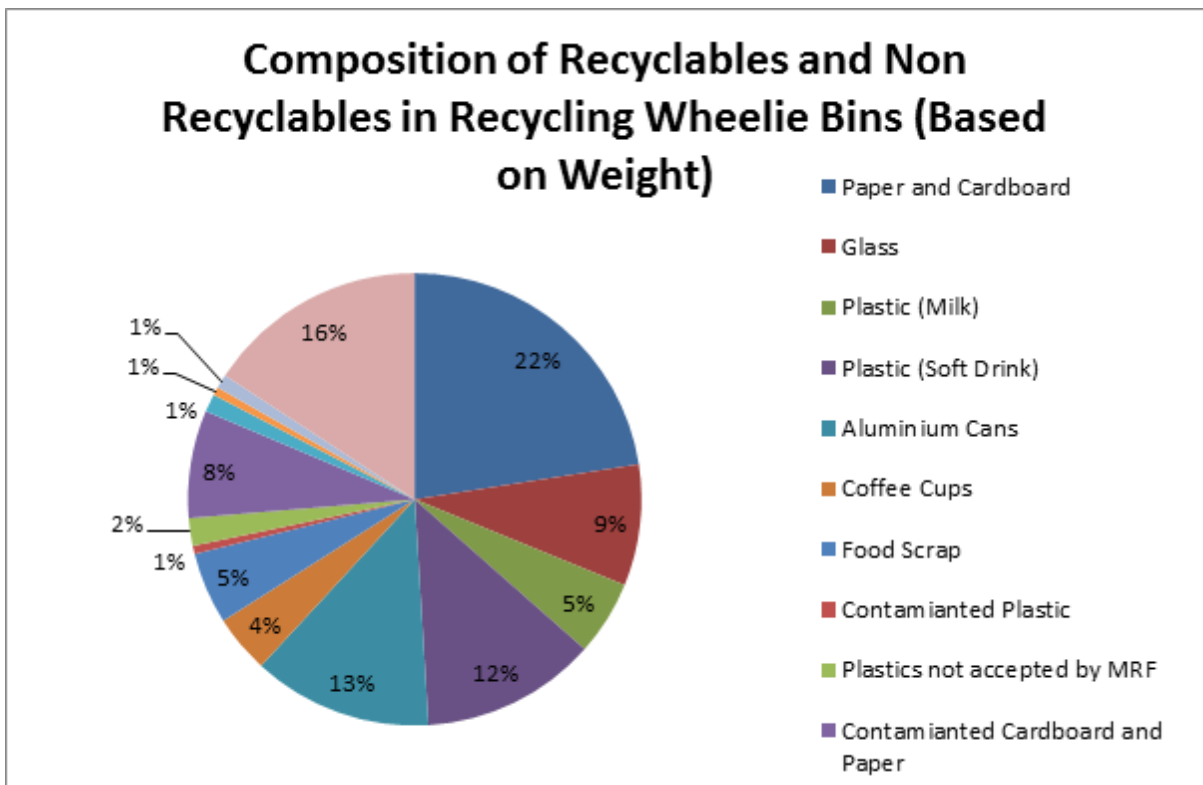
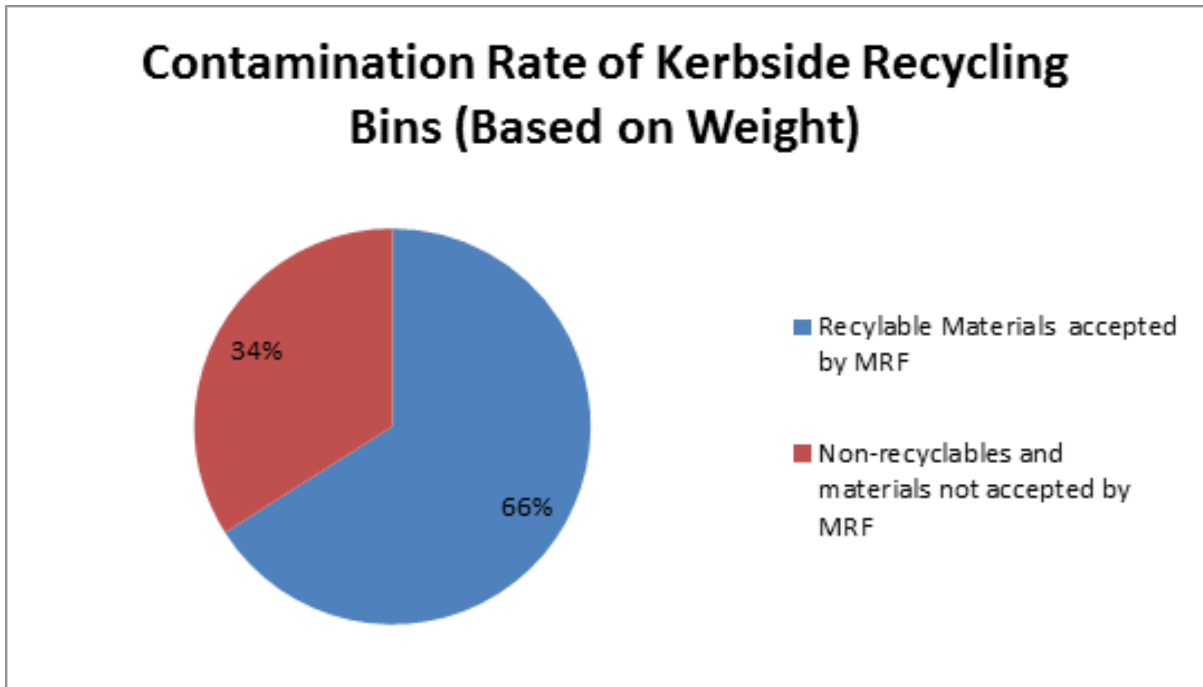
In comparison to similar events attended by RRWR, this involvement proved extremely successful. The information stall received a steady amount of traffic for the entirety of the event. Members of the community actively engaged with RRWR staff; asking questions, answering questionnaires and collecting giveaways.

### SUPPLY OF BINS

Collaborating with RRWR waste services team as well as event coordinators, the event was provided with a total of 261 general waste bins and 66 recycling bins. These were delivered and collected by RRWR. As part of the collection, 11 general waste bins and 9 recycling bins were used for the waste audit.

**WASTE AUDIT - RECYCLING**

An audit was conducted on the 8 August 2016 on waste collected at the event from 6 August 2016. The results of the recycling bin audit can be found in the following tables and charts:



**Observations**

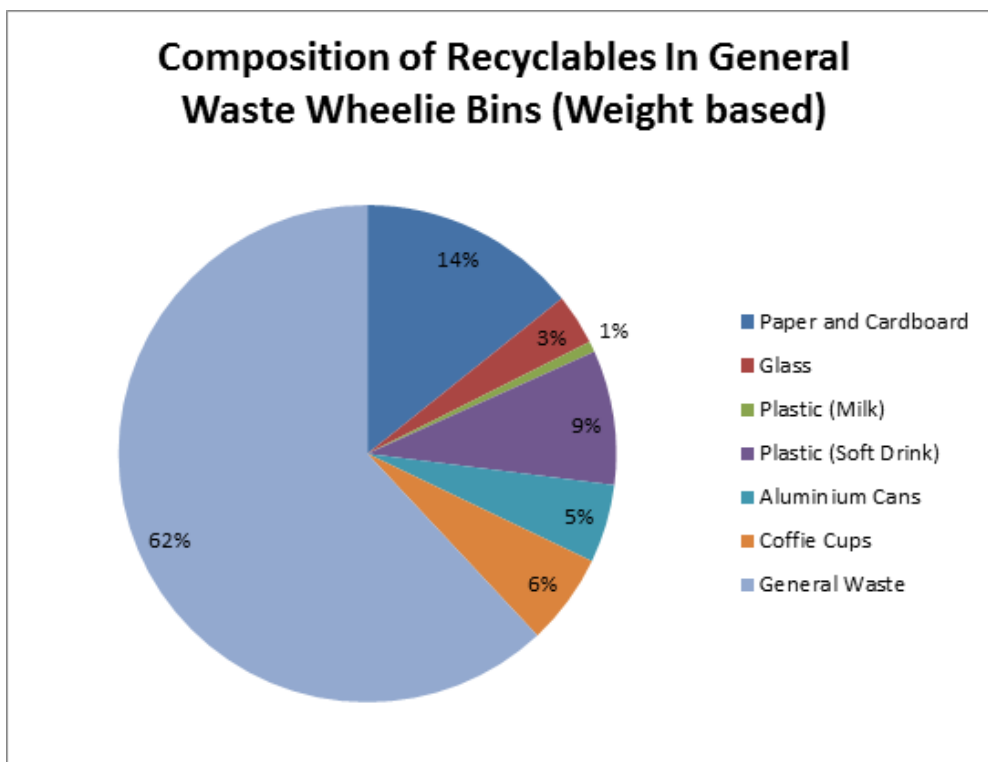
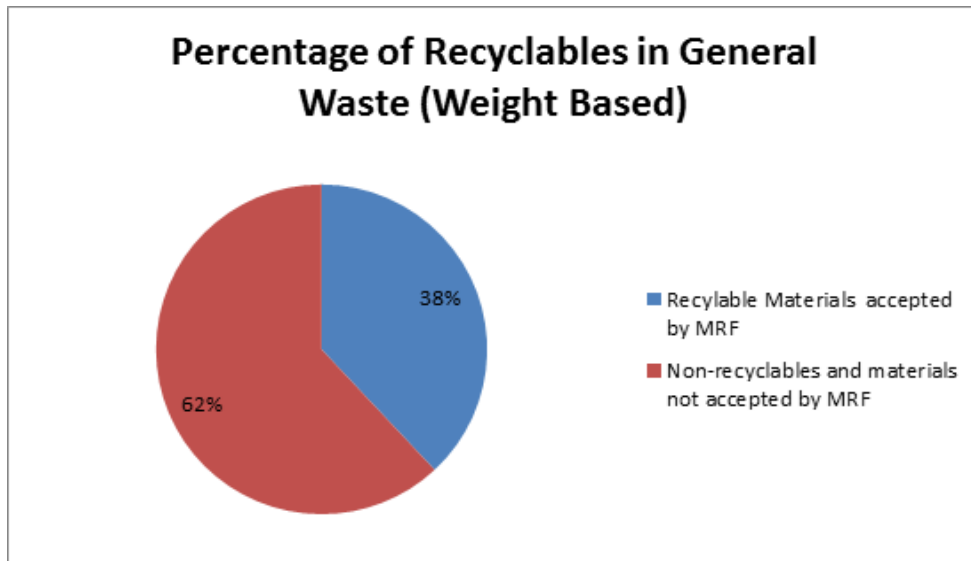
The audit shows that 34 percent of the recycling was made up of non-recyclable items. In particular, this included food packaging and scraps, contaminated cardboard and soft plastics.

There was a visual observation made by RRWR collection teams that the majority of recycling bins noticeably contaminated were situated near general waste bins which were completely full. This indicates that while attendees may have been attempting to put general waste in the correct bin, there may have been times when they were unable to do so.

There was also a visual observation made by event coordinators, who noted that some general waste bins used on the day had old recycling stickers and signage. Although faded, this too may have caused issues.

**WASTE AUDIT – GENERAL WASTE**

The results of the general waste bin audit can be found in the following tables and charts:



**Observations**

The audit revealed a loss of potentially recyclable material of 38 percent. In particular these items included largely cardboard and paper and soft drink bottles.



**COMMENTARY**

The success of this initial involvement and the use of recycling bins at a public event shows significant opportunities to improve and educate the community.

It is proposed to contact event coordinators to ensure Rockhampton Regional Waste and Recycling has an ongoing involvement in the event. The following actions have been identified to improve the waste recovery outcomes:

- Increase number of general waste bins in close proximity to recycling bins at 2017 event to reduce the incorrect use of recycling bins;
- Prepare public place recycling information for event coordinators to distribute to stall holders and include in exhibitor packs;
- Aim to work with the stall holders to improve the packaging available on the day;
- Investigate feasibility for bin wraps to further mark and draw attention to recycling bins;
- Work with event coordinators to use recycle coffee cups where possible;
- Given the high volume of cardboard, investigate the possibility of supplying large cardboard skips for the day;
- Look into the best bin placement and signage for the event, based on indoor and outdoor sales. For example event coordinators have noted a larger amount of plastic bag packaging used for indoor sales with smaller items;
- Offer event coordinators the opportunity to bring the Club to the Material Recovery Facility to have a more encompassed understanding of the importance of bin placement – “full circle”; and
- Offer to have RRWR staff attend a Club meeting in early 2017 to pass on the report statistics and further ways to improve bin placement and audit results.

**CONCLUSION**

The success of the recycling at this initial event demonstrates the willingness of the community to recycle. It is considered that greater involvement in the event will provide Council an opportunity to further develop strategies to manage waste at major public events and provide community education effective recycling.

### 8.3 SEEKING APPROVAL TO AMEND COMMERCIAL CHARGING TO A PER TONNE RATE

**File No:** 7816

**Attachments:**

1. Example impact from fees and charges being amended to per tonne rate
2. Comparison current vs proposed fees 2016-17

**Authorising Officer:** Peter Kofod - General Manager Regional Services

**Author:** Craig Dunglison - Manager RRWR

#### SUMMARY

As part of the 2016 / 2017 budget process the Waste Management Facility Fees and Charges were set so that commercial customers with Trailer / Utility / Tray Back / Van and Large Trailer would be charged on a per unit basis and not per tonne and that these charges be reviewed at December. This has seen a number of commercial customers modify their collection configuration so that they fall within this per unit charge definition. As a result the revenue received from these customers has reduced. Additionally, this has resulted in disparity in charging between certain local commercial customers which unintentionally creates inequity in the market resulting in a number of commercial customer complaints.

As part of the December review we are now recommending that all commercial customers regardless of size or collection configuration be charged on a per tonne basis.

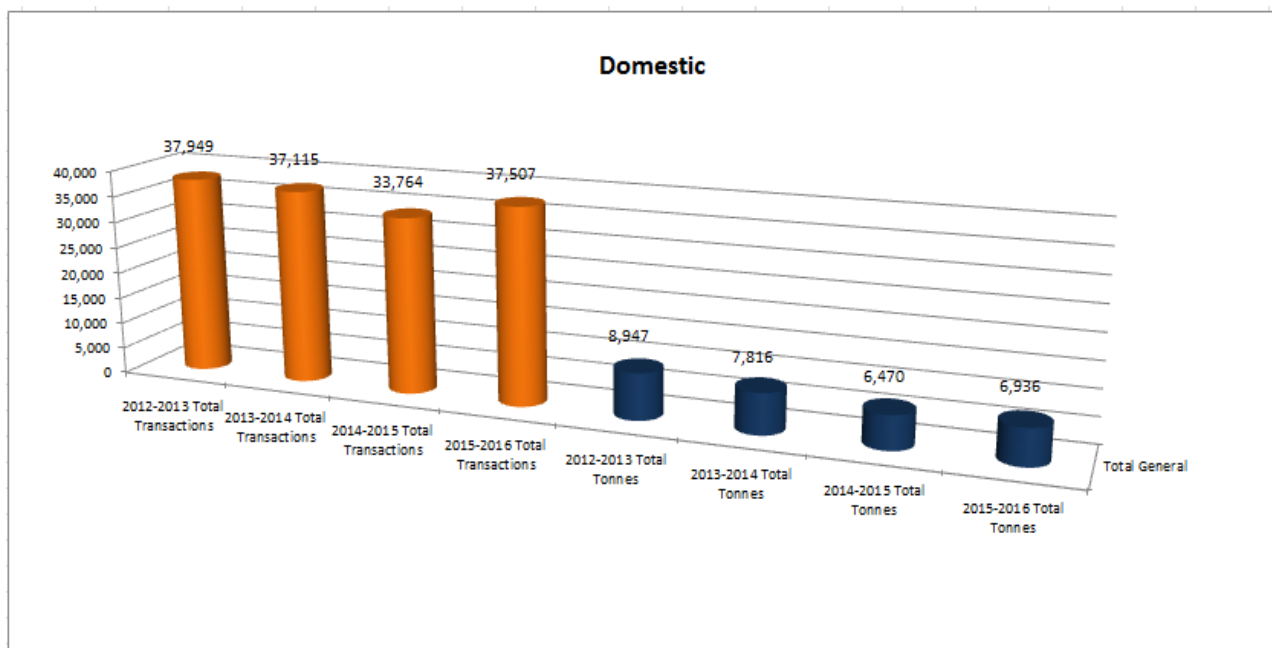
#### OFFICER'S RECOMMENDATION

THAT all commercial customers be charged on a per tonne basis from 1 January 2017

#### COMMENTARY

##### Domestic Waste Transaction & Tonnage Data Analysis

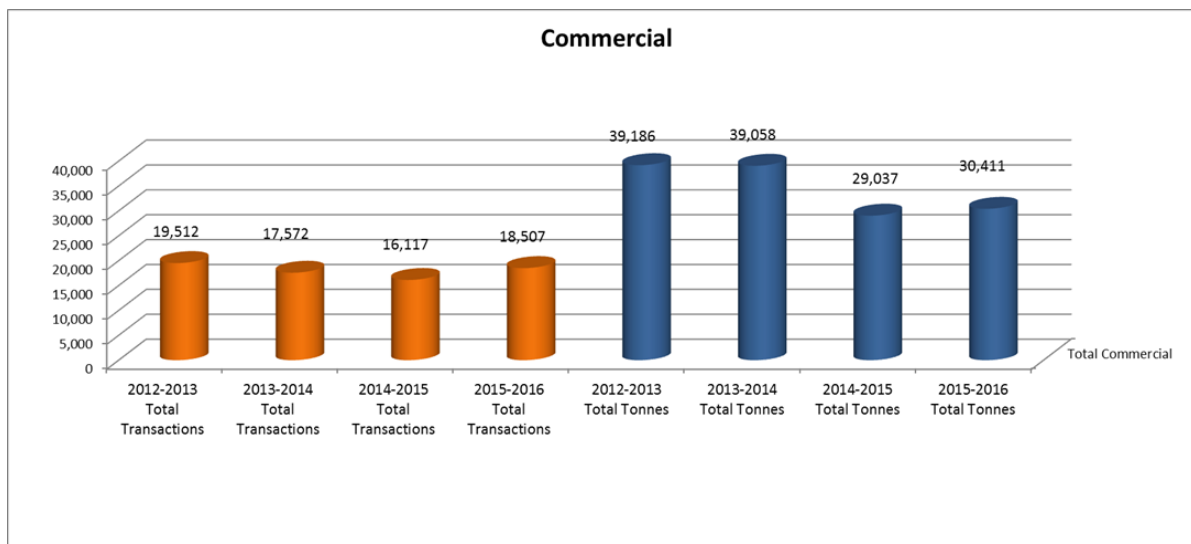
Based upon data spanning from the 2012-2013 to 2015-2016 financial years domestic landfill transactions remain fairly consistent across the years. Tonnage figures however slightly decrease as the year's progress which could imply that the community is engaging more actively in recycling each year. The current domestic fees and charges strategy of charging a per transaction rate is suited to the current domestic data trajectory in the below chart due to the number of landfill transactions being higher in comparison to the tonnes received.



### Commercial Waste Transaction & Tonnage Data Analysis

The chart below illustrates that in comparison to domestic transactions the commercial transaction numbers are much lower with tonnage figures being much higher in comparison to domestic tonnages received. Therefore a shift towards a per tonne price would be in line with the current Commercial data trajectory as tonnes received are much higher in comparison to transaction numbers.

As a result of commercial truck transactions already being charged at a per tonne rate switching all other commercial transactions to a per tonne rate will only provide a possible revenue increase of \$89,000.



### Operational Impact

The facilities impacted by this amendment will be Lakes Creek Road landfill and Mount Morgan transfer station. No other facilities accept commercial customers.

At Lakes Creek Road landfill all weights and therefore charges will be determined by true measurement by the on-site weighbridge.

At Mount Morgan transfer station charges will continue to be based on a per unit basis, however the unit rates will be adjusted accordingly to reflect a more accurate correlation between unit and weight for commercial customers.

See Attachment 1 – “December Review – Landfill Charges” – which details the current charges and the recommended charges. Additionally, examples of the impact in charging all commercial customers on a per tonne basis.

### **BACKGROUND**

As part of the 2016 / 2017 budget process the Waste Management Facility Fees and Charges were set so that commercial customers with Trailer / Utility / Tray Back / Van and Large Trailer would be charged on a per unit basis. It was intended that this be reviewed after six months.

### **BUDGET IMPLICATIONS**

As mentioned above based on the updated transaction and tonnage data if RRWR were to move towards charging all commercial transactions at a per tonne rate, revenue would increase by \$89k in comparison to the current 16/17 budget. If RRWR continues with its current fees and charges structure based on the current reduction in tonnes and transactions received so far, RRWR actuals will be in a lower than the current budget position by \$51k. Therefore an estimated \$140k upside.

**CORPORATE/OPERATIONAL PLAN**

Given this is an important amendment that will impact certain commercial customers we consider it also important to roll out a targeted communications campaign prior to implementing the change. This communication will include useful hints around how our customers can reduce their costs for landfill disposal by segregating their waste and using the free drop off area provided before the gatehouse at Lakes Creek Road for all reusable and recyclable materials. This amendment will also importantly provide increased incentives (with real options) for our customers to minimise waste volumes being disposed and therefore in-turn reducing their disposal costs.

The communications would be seen as proactive, transparently informing the community of the change and the “whys” behind the action, rather than reactive media.

Media: The communications plan would include a media opportunity and media release announcing the change, with key messages centered on the positives of this change why this change is being brought into effect.

It would be advisable to see this media carried out at the same time as all general communications are distributed (preferably one month prior).

It is also advised that two public notices will be included in the Morning Bulletin the week prior to the change, preferably on the Thursday and Saturday edition of the paper.

Handouts: Flyers and information sheets will also be supplied at the gatehouses of Lakes Creek Road for distribution to impacted customers one month leading to change to ensure ample notice is provided.

These handouts will also be distributed at Council’s Customer Service Centres.

Online and social media: The information will also be included on RRWR’s section of Council’s website. If agreed by Council’s Social Media team, a notice could also be posted on Council’s Facebook page, with two main key messages.

**CONCLUSION**

Council should see this as an opportunity to correct an unintentionally created inequity circumstance in the market, to provide increased incentive to segregate wastes to maximise reuse and recycling and for Council’s commercial RRWR Unit to covers its true cost of service delivery.

**SEEKING APPROVAL TO AMEND  
COMMERCIAL CHARGING TO A PER  
TONNE RATE**

**Example impact from fees and charges  
being amended to per tonne rate**

**Meeting Date: 6 December 2016**

**Attachment No: 1**

**Example - Impact from Fees & Charges being Amended to the Per Tonne Rate**

**Scenario 1; Average Impact Across Total Transactions**

12 Months Data	
total no. of transactions effected by amendment	7,209
total tonnes of waste received from these transactions	2,422.48
average tonnes per transaction	0.34
current disposal fee per transaction (incl GST)	\$ 31.00
average corresponding disposal fee per transaction based on being charged on the per tonne rate (incl GST)	\$ 47.72
average increase in charge per transaction	\$ 16.72

**Scenario 2; Impact For Individual Commercial Customers Looking to Exploit Current Fees & Charges**

Customer 1 (example)	
total no. of transactions effected by amendment	34
total tonnes of waste received from these transactions	50.32
average tonnes per transaction	1.48
current disposal fee per transaction (incl GST)	\$ 31.00
average corresponding disposal fee per transaction based on being charged on the per tonne rate (incl GST)	\$ 210.16
average increase in charge per transaction	\$ 179.16

Customer 2 (example)	
total no. of transactions effected by amendment	25
total tonnes of waste received from these transactions	21.38
average tonnes per transaction	0.86
current disposal fee per transaction (incl GST)	\$ 31.00
average corresponding disposal fee per transaction based on being charged on the per tonne rate (incl GST)	\$ 121.44
average increase in charge per transaction	\$ 90.44

Customer 3 (example)	
total no. of transactions effected by amendment	42
total tonnes of waste received from these transactions	35.70
average tonnes per transaction	0.85
current disposal fee per transaction (incl GST)	\$ 31.00
average corresponding disposal fee per transaction based on being charged on the per tonne rate (incl GST)	\$ 120.70
average increase in charge per transaction	\$ 89.70

**Example Commercial Customer 'Large Trailer', Currently Charged at \$31 Flate Rate**

Refer Photo Below:



**SEEKING APPROVAL TO AMEND  
COMMERCIAL CHARGING TO A PER  
TONNE RATE**

**Comprison current vs proposed fees  
2016-17**

**Meeting Date: 6 December 2016**

**Attachment No: 2**

Comparison Current v's Proposed Fees and Charges 2016/2017

Product	Current Fees & Charges		Proposed Fees & Charges	
	Amount	Incl GST UoM	Amount	Incl GST UoM
COMM - Minimum	\$10.00	transaction	\$142.00	tonne
COMM - Car, SUV, Station Wagon	\$12.00	transaction	\$142.00	tonne
COMM - Car AND Trailer	\$36.00	transaction	\$142.00	tonne
COMM - Car AND Large Trailer/Hungry	\$43.00	transaction	\$142.00	tonne
COMM - Trailer (6x4), Utility	\$24.00	transaction	\$142.00	tonne
COMM - Ute AND 6x4 Trailer	\$48.00	transaction	\$142.00	tonne
COMM - Ute AND large trailer/hungry	\$55.00	transaction	\$142.00	tonne
COMM - Large Trailer, Hungry Boards	\$31.00	transaction	\$142.00	tonne
COMM - Truck	\$142.00	transaction	\$142.00	tonne
COMM - 2*240L MGB	\$23.00	transaction	\$142.00	tonne
General - Minimum	\$7.00	transaction	\$7.00	transaction
General - Car, SUV, Station Wagon	\$9.00	transaction	\$9.00	transaction
General - Car AND Trailer	\$27.00	transaction	\$27.00	transaction
General - Car AND Large Trailer/Hungry	\$30.00	transaction	\$30.00	transaction
General - Trailer (6x4), Utility	\$18.00	transaction	\$79.00	transaction
General - Ute AND 6x4 Trailer	\$36.00	transaction	\$36.00	transaction
General - Ute AND large trailer/hungry	\$39.00	transaction	\$39.00	transaction
General - Large Trailer, Hungry Boards	\$21.00	transaction	\$21.00	transaction
General - Trailer 6x4 add	\$18.00	transaction	\$18.00	transaction
General - Truck	\$86.90	tonne	\$86.90	tonne
General - 2*240L MGB	\$17.00	transaction	\$79.00	transaction
General Sedan/SUV/Station Wagon add	\$9.00	transaction	\$9.00	transaction
General Minimum Add	\$7.00	transaction	\$7.00	transaction
Greenwaste - Mulch Loading Fee	\$12.00	transaction	\$0.00	\$0.00
Mulch - >5t (Loaded)	\$12.00	transaction	\$0.00	\$0.00
Greenwaste - Minimum Charge	\$ -		\$ -	
Greenwaste - Car, SUV, Station Wagon	\$ -		\$ -	
Greenwaste - Car AND Trailer	\$ -		\$ -	
Greenwaste - Car AND Large Trailer	\$ -		\$ -	
Greenwaste - Trailer (6x4), Utility	\$ -		\$ -	
Greenwaste - Ute AND Trailer 6x4	\$ -		\$ -	
Greenwaste - Trailer 6x4 Add	\$ -		\$ -	
Greenwaste - Ute AND Large Trailer/hungry	\$ -		\$ -	
Greenwaste - Large Trailer, Hungry Boards	\$ -		\$ -	
Greenwaste - Trailer Large Add	\$ -		\$ -	
Greenwaste - Truck	\$ -		\$ -	
Timber - COMM	\$142.00	\$ 129.09	\$ 142.00	tonne
Timber - General	\$86.90	\$79.00	\$86.70	tonne
Hazardous - Asbestos	\$266.00	tonne	\$266.00	tonne
Hazardous - Deceased Animals	\$266.00	tonne	\$266.00	tonne
Regulated Waste - Low Hazard	\$142.00	tonne	\$142.00	tonne
Regulated Waste - Other	\$266.00	tonne	\$266.00	tonne
Regulated Waste -High Hazard	\$266.00	tonne	\$266.00	tonne
Tyre- Car	\$8.00	item	\$8.00	item
Tyre- Car on Rim	\$16.00	item	\$16.00	item
Tyre- Light Truck	\$27.00	item	\$27.00	item
Tyre- Truck	\$27.00	item	\$27.00	item
Tyre- Small Tractor	\$100.00	item	\$100.00	item
Tyre- Large Tractor	\$200.00	item	\$200.00	item
Inert - COMM Concrete	\$142.00	tonne	\$ 142.00	tonne
Inert - General Concrete	\$86.90	tonne	\$ 86.90	tonne
Inert - COMM Hardfill	\$142.00	tonne	\$ 142.00	tonne
Inert - General Hardfill	\$86.90	tonne	\$ 86.90	tonne
Inert - Soil	\$ -	tonne	\$ -	tonne



**9 NOTICES OF MOTION**

Nil

## **10 URGENT BUSINESS/QUESTIONS**

*Urgent Business is a provision in the Agenda for members to raise questions or matters of a genuinely urgent or emergent nature, that are not a change to Council Policy and can not be delayed until the next scheduled Council or Committee Meeting.*

**11 CLOSURE OF MEETING**