



MACKAY WASTE SERVICES
ANNUAL PERFORMANCE PLAN - 2011/12

June 2011

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1.0 Overview of Organisation

1.1 Introduction

The management of a waste utility has changed significantly over recent years. What was viewed until very recently as a public service, is now mandated to be converted into a commercialised business entity, with services being provided not only on a full cost basis but to also generate a return on the investment base. While the process has commenced at Waste Services, much remains to be done to ensure the conversion of the business into a fully commercialised entity. Concurrently, economic and social changes are placing an ever increasing onus on such entities to undertake several initiatives such as limit the impact on the environment, ensure sustainability of assets, and compete for limited resources.

In addition to providing a framework for the operation of the Waste Services business, this document is intended to meet the requirements of compiling an *Annual Performance Plan* as specified in the Local Government Act 2009 and the Local Government (Beneficial Enterprises and Business Activities) Regulation 2010 for commercialised businesses, even though Waste Services has as yet not moved to a fully commercialised status.

This document sets out to identify the manner in which the business of the Directorate will be carried out in the financial year 2011/12, in a commercially and environmentally sustainable manner, to ensure the entity can continue to deliver the required outcomes in the long term.

1.2 Mackay Regional Council (MRC)

Mackay Water Services operates within the Mackay Regional Council Local Government Area. The Mackay region continues to be one of the fastest growing regions in Australia. Encompassing the areas of the former Mackay City Council, Sarina Shire Council and Mirani Shire Council the Region extends over an area of 7,261 square kilometres, from north of Bloomsbury to South of Koumala, and extending past Eungella to the West. The MRC staff cadre stands at around 1,100.

Figure 1 : Map of Mackay Regional Council



The current population within the Council's region of approximately 120,000 is expected to grow at an estimated annual rate of around 2.5% per annum, resulting in a population in excess of 187,000 by 2031.

1.3 Water and Waste Services (W&WS) Directorate

The Directorate, one of five within the MRC, encompasses several commercialised services of the Council. The Directorate provides three primary services:

- Supply of Potable Water
- Collection & Processing of Sewerage
 - Mackay Water Recycling Facility
- Collection and Processing of Solid Waste
 - Mackay Solid Waste Recovery Facility

The Water & Sewerage business is a Type 1 business, while the Waste is a Type 2 business. While these services are to be provided on a commercialised basis, they are also essential for the maintenance of the lifestyle, economy, public health, and environment.

The directorate also operates an Analytical Laboratory Service, capable of carrying out a range of tests related to Water, Sewerage and Solid Waste.

Growth, increased legislative and regulatory requirements, enhanced standards, an ageing infrastructure network, and cessation of state subsidies will create a significant funding challenge for the Directorate over the next 10-20 year horizon.

The business of the Directorate is articulated in its vision and mission statements which read as follows:

Vision :

"Water & Waste Services Directorate will be an innovative services provider which is recognised for its commercial performance, provides regional leadership, has the respect of its customers and industry regulators and prides itself on its sustainability."

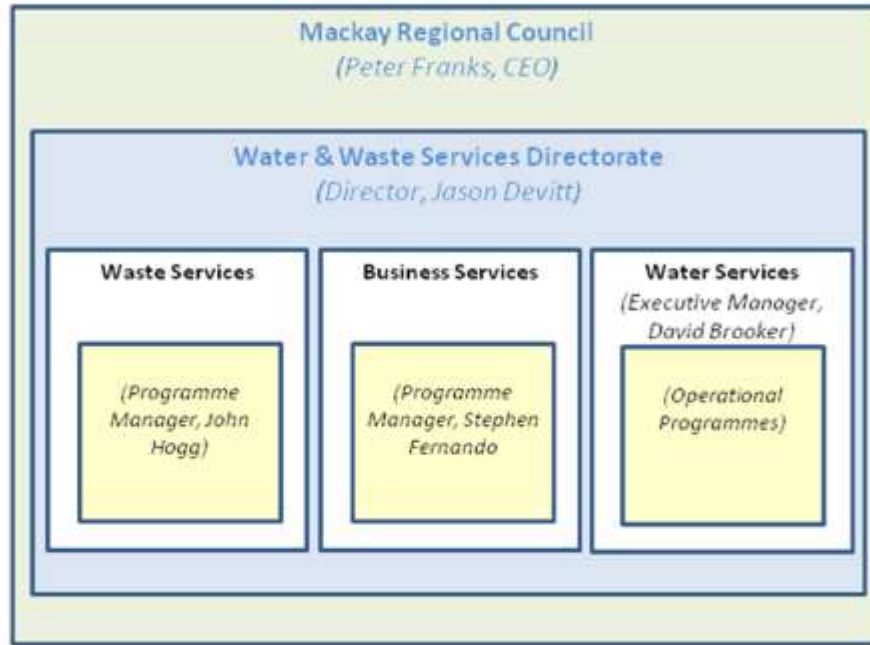
Mission :

"The Water & Waste Services Directorate is committed to delivering sustainable services to the Mackay region in an efficient and commercially sustainable manner".

1.4 Organisation Structure

As illustrated in Figure 2 : Organisation Structure, the Directorate, headed by a Director, is organised along its primary lines of business and consists of three operational divisions. The largest of the three, Water & Sewerage, is further divided into three sub-divisions, each headed by a Programme Manager. Waste Services primarily manages its operational and asset management activities through an outsourcing model.

Figure 2 : Organisation Structure



The responsibilities of the Management Team are identified in Table 1 : Management Responsibilities.

Table 1 : Management Responsibilities

Position	Key Responsibility	Priorities
Director	Provide Strategic Direction to the Directorate	<ul style="list-style-type: none"> ➢ Establish & Monitor Strategic Initiatives for the Directorate ➢ Manage Relationship with Stakeholders ➢ Establish and Further Industry Alliances ➢ Ensure Compliance with Legislative & Regulatory Requirements ➢ Identify & Manage Risk at a Macro Level ➢ Authorise Directorate Policies and Standards
Executive Manager, Water & Sewerage Services	Manage the Water & Sewerage Services	<ul style="list-style-type: none"> ➢ Monitor Implementation of the Strategic Initiatives for the Division ➢ Monitor Water Reform Initiatives and Asses Impact. ➢ Deliver the Total Management Plan (TMP). ➢ Monitor the Strategic Asset Management Process

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		<ul style="list-style-type: none"> ➤ Contribute to Policy as it pertains to Water & Sewerage.
Programme Manager, Planning & Sustainability	Forecast and Plan Short and Long Term Water and Sewerage Services Solutions to meet Community Requirements	<ul style="list-style-type: none"> ➤ Undertake Strategic Asset Management Planning ➤ Develop Strategic & Detailed Infrastructure Plans. ➤ Co-ordinate with Infrastructure Delivery.
Programme Manager, Infrastructure Delivery	Design & Deliver the Capital Programme.	<ul style="list-style-type: none"> ➤ Manage Delivery of Infrastructure Projects
Programme Manager, Operations	Operate and Maintain Water & Sewerage Assets	<ul style="list-style-type: none"> ➤ Manage Network Operations and Civil Services ➤ Manage Mechanical & Electrical Services ➤ Manage Treatment Plants ➤ Manage Water Recycling Facility ➤ Manage Recoverable Works
Programme Manager, Waste Services	Manage the Solid Waste Services.	<ul style="list-style-type: none"> ➤ Develop Strategic Plans for Long term Infrastructure Development ➤ Manage Contracts with Major Service Providers ➤ Contribute to Policy as it Pertains to Solid Waste
Programme Manager, Business Services	Provide Support Services across Directorate. Manage the Statistical and Analytical Services as a Commercial Entity.	<ul style="list-style-type: none"> ➤ Manage the Finance & Planning Processes and Support Budgetary Control. ➤ Monitor Governance and Regulatory Requirements and Compliance with same ➤ Manage the Administrative Support Services ➤ Manage Internal and External Communications ➤ Co-ordinate the Change Management Process ➤ Coordinate the WH&S Initiatives ➤ Support the Environmental Compliance Process ➤ Oversee the Provision of Statistical and Analytical Services

1.5 Stakeholders

The principle stakeholder of the Directorate is the Council, which has multiple interests.

Table 2 : Stakeholders & Interests

Stakeholder	Interest	Deliverables	Inputs
Council (MRC)	Business Owner	<ul style="list-style-type: none"> ➤ Preserve Commercial Interests ➤ Provide Value for Money ➤ Contribute to Corporate Plans ➤ Protect Assets 	<ul style="list-style-type: none"> ➤ Overall Strategic Direction ➤ Delegated Authority ➤ Appropriate Pricing ➤ Facilitate Financing
	Customer Advocate	<ul style="list-style-type: none"> ➤ Maintain Service Standards ➤ Display Social Responsibility 	<ul style="list-style-type: none"> ➤ Fund CS Obligations
	Regulator	<ul style="list-style-type: none"> ➤ Comply with Laws & Regulations ➤ Promote Energy Efficiency ➤ Promote Environmental Sustainability ➤ Maintain Governance Standards 	<ul style="list-style-type: none"> ➤ Feedback on Expectations ➤ Advice on Compliance
	Service Provider	<ul style="list-style-type: none"> ➤ Establish Service Requirements 	<ul style="list-style-type: none"> ➤ Provide Support Services ➤ Maintain Service Level Agreements
Customers	Customer	<ul style="list-style-type: none"> ➤ Maintain Service Standards ➤ Provide Value for Money ➤ Engage in Consultations 	<ul style="list-style-type: none"> ➤ Timely Settlement of Dues ➤ Respond to Community Initiatives
Suppliers	Supplier	<ul style="list-style-type: none"> ➤ Uphold Contractual Obligations ➤ Adopt a Partnership Approach 	<ul style="list-style-type: none"> ➤ Uphold Contractual Obligations ➤ Adopt a Partnership Approach ➤ Provide an efficient & Reliable Service
Employees	Employee	<ul style="list-style-type: none"> ➤ Create a Conducive Work Environment ➤ Provide Job Security ➤ Ensure Safety ➤ Recognise & Reward 	<ul style="list-style-type: none"> ➤ Adopt & Maintain Professional Standards ➤ Facilitate Safety ➤ Promote Corporate Objectives
Govt. Agencies	Regulator	<ul style="list-style-type: none"> ➤ Ensure Compliance with Operating & Reporting Requirements ➤ Incorporate Community Requirements 	<ul style="list-style-type: none"> ➤ Interpretation & Implementation Support ➤ Adopt a Balanced Approach

2.0 Strategy

2.1 Principal Drivers

Several external drivers have shaped the business and operating strategies adopted by the Directorate during this financial year. These forces will continue to have an impact on the operations of the Directorate over the coming years.

2.1.1 Regional Growth

As detailed in the Chapter 1, The Mackay region is expected to register significant growth over the coming 5-10 years. As per the projections by the Department of Infrastructure & Planning, the Mackay Whitsunday (WHAM) region will register the highest annual growth rates in the state over the next ten years, almost 0.5% per annum higher than the next closest region. Such growth will have a direct impact on the demand for waste services, resulting in the need to expand infrastructure.

2.1.2 Local Government & Industry Reform

Policies adopted by the Commonwealth and State governments dictate that Waste business operate on a commercial basis, which means that at least all operational costs need to be covered by levies and also that investments will need to be funded on a commercial basis. Federal and State funding that has been available to fund expansion activities will no longer be available.

Reform will also necessitate the re-evaluation of the current governance structure for the business.

2.1.3 Environmental Impact

Addressing environmental impacts is a key driver for the waste businesses. Disposal of waste materials has direct implications on the environment. Given the long term nature of the impact of landfills and the less stringent standards maintained in the past, remediation of closed landfills has also become a significant environmental issue. As a result regulation governing the environmental aspects of the waste businesses has increased significantly, which in turn impacts the cost of delivering such services. The ceasing of grant funding, makes it that much more difficult to source the financing required to meet environmental obligations.

2.1.4 Governance

Despite commercialisation, as a local government entity, the Waste Services is subject to the governance regulations applicable to local governments. Financial sustainability regulations place caps on both the extent of operating margins that can be generated as well as the level of debt funding that can be raised. This essentially places a cap on the speed at which infrastructure can be expanded, placing high growth councils in a dilemma.

2.2 Strategy Focus

2.2.1 Manage Asset Base

Given this projected growth, the single most important objective in this financial year, and possibly over the next several years, will be to ensure that the development of waste infrastructure keeps pace with the growth in demand. This will involve:

- a) maintaining the existing infrastructure to ensure it can perform at peak capacity, and
- b) enhance such infrastructure in critical areas.

2.2.2 Manage Demand

Given the financial and human resource constraints, which will limit the speed in which infrastructure can be expanded, the ability of the Directorate to meet the growing demand will require a two pronged approach. While expansions in capacity will be required, it will also be essential to put in place strategies designed to manage the growth in waste volumes. While Investments have been made in the past to address this requirement, it will be necessary to ensure that such investment yield the best return possible.

2.2.3 Reduce Environmental Impact

Increased regulation dictates measures in certain areas that will reduce the environmental impact of the directorate's activities, even though there will be a significant cost to maintain such mitigation measures. Some such activities (such as land fill remediation) will not contribute to improvement of services provided, despite the need to commit significant financial resources.

The demand management measures are also expected to mitigate the environmental impact.

2.2.4 Enhance Compliance

Not only has the level of compliance required increased over the recent past, but new legislative enactments and changes to the nature of compliance has had noteworthy impacts on the compliance landscape. Ongoing initiatives to review, update, and consolidate the reporting and compliance requirements will be continued. Through participation in industry initiatives, within the waste industry and local government, effort will be put into influencing changes to the compliance requirements at the legislative and administrative levels.

2.2.5 Improve Operational Efficiencies

The need to fully recover costs through levies requires a renewed drive to generate operational efficiencies wherever possible. Rationalisation of services provided has been identified as an important avenue to drive such efficiencies.

2.2.6 Mitigate Risks

All the driving forces identified previously in this chapter either create new risks for the Directorate or increase the levels of existing risks, requiring the Directorate to identify and assess the risks and put in place initiatives, where possible, to eliminate or in most cases mitigate such risks. Some of the initiatives primarily designed to address other strategy focuses, will also help mitigate risks.

2.3 Major Initiatives

All of the major initiatives earmarked for the coming financial year are designed to address one or more of the strategy focuses identified above.

2.3.1 Construction of Cell 2 at Hogan's Pocket *Strategy Focus: Manage Asset Base – Enhance Capacity*

Projections indicate that Cell 1, which is currently being used at Hogan's Pocket, will reach capacity by mid 2012. As such, having cell 2 ready for use is imperative to ensure an uninterrupted waste disposal service and the smooth transition of disposal operations between the two cells. Construction of Cell 2 commenced during May 2011. Construction of Cell 2 is scheduled for completion by November 2011.

Cell 1 capping design has been completed. A public tender will be advertised for capping works early 2012. Cell 1 capping works will commence subsequent to completion of Cell 1 filling to the designed profile.

2.3.2 North Side Waste Transfer Station

Strategy Focus: Manage Asset Base – Enhance Capacity, Mitigate Risks.

At present, the Paget Transfer Station is the only major transfer station servicing Mackay City, creating a potential single critical point of failure risk. Any incident which would render the Paget Transfer Station inoperable would jeopardise the entire Mackay region waste collection and disposal operations.

Increasing waste volumes as a result of population growth also means that the Paget Transfer Station may reach capacity in the near future.

Given the above, a need to construct a second transfer station in the future has been identified. With Paget being located at the southern end of the city, operational and risk mitigation factors indicate the north side to be the preferred location for the second transfer station.

A preliminary review of suitable sites has occurred. Additional work is required to review all the service requirements in line with future urban growth corridors. This will continue to be worked on over the next 12 months.

Construction timing for any new transfer station will be dependent on the growth in the region and the capacity of the Paget Transfer Station and rural sites.

2.3.3 Closure of Small Unlined Rural Landfills

Strategy Focus: Enhance Compliance, Mitigate Risks (of non-compliance), Reduce Environmental Impact, Improve Operational Efficiencies

Waste Services currently operates several unlined landfills which no longer meet environmental compliance requirements. Continued operation of these landfills creates environmental risks for the Council. These are also smaller landfills which are no longer economical to operate. The sites earmarked for closure and remediation are Sarina, Otterburn, Hay Point and Gargett Landfills.

Landfilling operations have ceased at Otterburn, Hay Point and Gargett Landfills. Each of these sites is currently operating as an interim bin station.

A network of modern rural transfer stations is planned to replace some of the closed landfill sites. Operating rural transfer stations rather than rural landfills will generate approximately \$500,000 in operational savings per annum.

2.3.4 Explore Opportunities for Landfill Gas Systems

Strategy Focus: Enhance Compliance, Mitigate Risks, Improve Operational Efficiencies

Through a public tender process undertaken during 2010 / 2011 Council engaged Landfill Gas and Power (LGP) to assess the quality and quantity of landfill gas generation at Hogan's Pocket Cell 1 and Bayervsille, Sarina, Otterburn & Hay Point Landfills.

Planning & Design work for the installation of the Landfill Gas (LFG) Collection System in Cell 1 at Hogan's Pocket and at Bayersville landfill is expected to be completed during the financial year.

Renewable Energy options will be considered when designing the LFG Collection System at Hogan's Pocket and Bayersville.

2.3.5 Explore Feasibility of a Greenwaste Bin

Strategy Focus: Manage Demand, Reduce Environmental Impact, Enhance Compliance

In general, it is estimated that approximately 25% the waste bin contains green waste, which can be eliminated from landfills if collected separately and recycled. Latest research also indicates the ability to use collected greenwaste for capping remediation sites, reducing emissions which in turn will lead to significantly reduced cost of compliance under any future Carbon Tax / Emissions Trading Scheme regime.

Options are currently being considered for the introduction of a 'User Pays' Kerbside Green Waste Wheelie Bin Collection Service

2.3.6 Recycling Improvement Programme

Strategy Focus: Manage Demand, Reduce Environmental Impact

A combined auditing and education programme has been initiated with a view to improving the quality of recyclable materials collected, which in turn will help reduce the quantity of recyclable materials that ends up in landfills. The current school based educational programmes have been expanded to the wider community and an auditing programme implemented to detect and educate households who contaminate their recycling bins.

2.4 Key Performance Indicators

Operational

- Recycle 100% of greenwaste that is delivered to waste sites
- Finalise Cost Options Report for provision of kerbside green waste bin service
- Close Sarina landfill and establish interim bin station at site
- Review options for regional Ro-Ro bin collection service for all rural transfer station sites

Regulatory

- Deliver Annual Return for Licensed Waste Facilities to DERM
- Deliver Annual Local Government Waste Management Report to DERM

Contractual

- Tender and award contract for remediation of Bayersville Landfill.
- Prepare Economic Analysis Report for Landfill Gas Management in conjunction with Landfill Gas & Power (LGP) for Councillor review.

Governance

- Compile full list and quantify community services provided, for agreeing on a CSO credit with Council.
- Table a full set of Customer Service Standards for consideration by Council

2.5 Customer Service Standards

Certain customer service standards adopted by Waste Services is as a result of legislative and/or regulatory requirements, while others are self imposed service standards based on agreements and understandings between Waste Services and MRC.

Table 3: Customer Service Standards

Service	Standard	Basis
Solid Waste Collection Services	Once a Week	Environmental Protection (Waste Management) Regulation 2000 Part 2A, Subdivision 2, 10G
Recyclables Collection Services	Once a Fortnight	Self Imposed Standard

The services are extended only to identified service areas within the boundaries of the Council.

3.0 Demand & Pricing

3.1 Demand

Waste Services currently offers the following key services:

- Kerbside Collection of Waste
- Kerbside Collection of Recyclable Materials
- Acceptance of Waste & Recyclable Materials at Transfer Stations
- Acceptance of Green Waste at Transfer Stations & Green Waste Sites

Kerbside collection of Waste, carried out on a weekly basis, is facilitated through the issue of a 240 litre bin with a dark green lid. Kerbside collection of Recyclable Materials is carried out fortnightly and is facilitated through the issue of a similar bin with a yellow lid.

As indicated in Table 4 : Kerbside Services , over 45,000 households within the MRC were serviced through the Directorate's kerbside weekly waste collection service and a similar number through the fortnightly recyclable material collection service. The number of households receiving the waste service has grown at around 2% per annum over the last two years, while the growth figure for recyclables is around 2.75%.

Table 4 : Kerbside Services (Households)

	08/09	09/10	10/11
Waste	44,416	45,460	46,171
Recyclables	42,243	43,432	44,585

The forecast quantities of waste materials collected during the last financial year (based on 10 month figures) were as detailed in Table 5 : Waste Collection Volumes 2010/11, while Table 6 : Recycled Volumes 2010/11 details the quantities of different materials that were recycled.

Table 5 : Waste Collection Volumes 2010/11

Category	Qty (T)*	% Δ
General Solid Waste	37,283	10
Green Waste	9,901	-3
Demolition Waste	1,509	0
Commercial & Industrial	65,661	7

Table 6 : Recycled Volumes 2010/11

Category	Qty (T)*	% Δ
Glass	540	-4
Paper	4,253	6
Plastic	391	3
Aluminium	133	2
Steel	241	19
Green Waste	9,901	-3

As can be seen from the "%Δ" column, the average growth rates for the individual components vary for both collection and recycling volumes. The overall volume growth for both solid waste collections and recyclables is forecast to grow at around 5% per annum for the next 2-3 years, in keeping with the trend over the last two years.

3.2 Pricing & Revenue

The existing charges for Waste services within MRC for 2010/11 and the proposed charges for 2011/12 appear in Table 7 : Pricing.

Table 7 : Pricing

Rate Category	Unit	09/10 Act	10/11 Act	11/12 Prop	% Inc.
Refuse Service Charge *	/waste bin	\$ 189.40	\$ 230.40	\$237.40	3.04%
Waste Facility Mgmt Levy	/assessment	\$ 118.90	\$ 126.80	\$130.70	3.08%

*The Refuse Service Charge for non residential services will increase to \$271.24 to apply after 31st December 2011 and only if Queensland State Levy is introduced before this date.

The rate increases have been determined as that required to maintain the long term financial sustainability of the Waste business based on the 10 year financial plans. The resulting budgeted revenue for the coming year is detailed in Table 8 : Budgeted Revenue .

Table 8 : Budgeted Revenue (\$ '000)

Revenue Category	10/11	11/12
Facility Management Charge	5,811	6,188
Waste Levy	10,072	10,793
Landfill Gate Charges	5,253	7,528
Discounts & Refunds	(935)	(1,001)
Interest Earned	269	273
Other Fees & Charges	274	260
Community Service Obligations	0	28
Internal Transfers	222	414
TOTAL	20,966	24,483

3.3 Community Service Obligations (CSO)

Waste services currently provide several services either free of charge or at rates below full cost recovery. While Waste Services does receive a CSO credit of around \$30,000 per annum, this is unlikely to cover the full cost of all services provided free of charge or at below cost.

It is the intention of Waste services to fully identify and document all services currently provided that would fall within the definition of a CSO, and table these to MRC for agreeing of a basis for CSO transfers.

CSO credits forecast for 2010/11 and budgeted for 11/12 are detailed in Table 9 : CSO Credits

Table 9 : CSO Credits

2010/11 F'cast	2011/12 Budget
0	27,580

4.0 Asset Management

4.1 Extent of Existing Assets

Solid Waste assets comprise primarily of waste disposal sites. As collection is contracted out, Waste Services does not own any moveable waste collection assets.

Table 10 : Solid Waste Assets

Facility	10/11	11/12
Large Operational Landfills	1	1
Smaller Operational Landfills	4	1
Transfer/Bin Stations	9	11
Green Waste Management Sites	3	3
Materials Recovery Facility	1	1
Tip Shop	1	1
Former Landfills	18	20

4.2 Capital Works Programme

The ten year capital works programme for Waste Services envisages an investment of approximately \$60 million. For the financial year 2010/11, budgeted capital expenditure stands at \$10.6 million with an additional \$4.7 Mn being carried over from last year.

Table 11 : Summary Capital Works Programme (\$ Mn)

Project	11/12
Hogan's Pocket Landfill Cell Construction – Cell 2	1.0
Landfill Gas System Evaluations	0.6
Bayersville Landfill Remediation	9.0
TOTAL	10.6
Carry Over Projects	4.7

The capital expenditure for 2011/12 compares to a total of \$6.4 Mn for the previous year.

4.3 Remediation Works

As indicated in Table 11 : Summary Capital Works Programme , Waste Services has allocated \$9 Mn for the closure and remediation of the Bayersville landfill site.

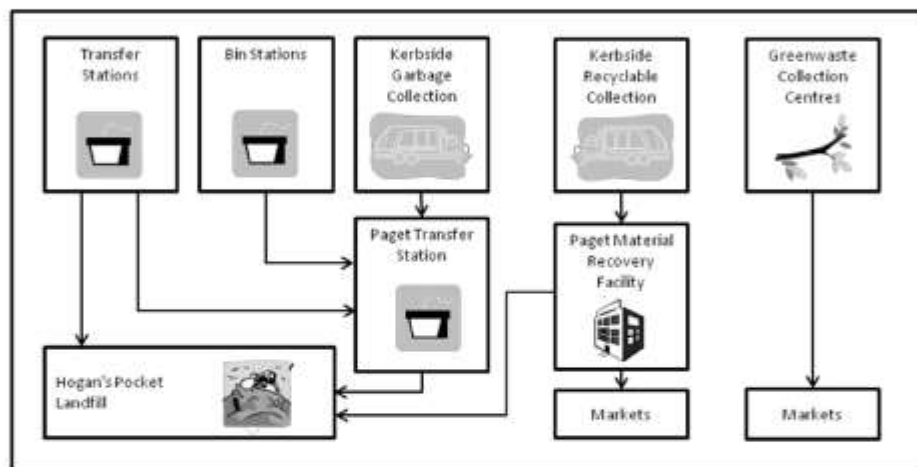
Approximately another \$50,000 is allocated out of the operational budget for environmental monitoring of the remediation sites.

5.0 Operations

5.1 Operations Process

The process for the collection and disposal of solid waste (including recyclable materials) is depicted in Figure 3: Solid Waste Material Flow.

Figure 3: Solid Waste Material Flow



5.2 Contracts

All major solid waste operations are contracted out as identified in Table 12: Operational Contracts.

Table 12: Operational Contracts

Contract	Location	Contractor
Kerbside Waste Collection	Mackay, Sarina	
	Mirani	
Kerbside Recyclables Collection	Mackay, Mirani	
	Sarina	

Transfer Station Operations	Eungella, Finch Hatton, Koumala, Sarina, Hay Point, Otterburn, Kuttabul, Gargett	Pyramid Security
	Paget, Seaforth, Kolijo, Bloomsbury	
Green Waste Collection Station Operations	Paget, Bayersville, Bucasia, Walkerston	AJK Contracting
Haulage (from Transfer Station to Landfill)	Paget to Hogan's Pocket	
Material Recovery Facility Operations	Paget	
Tip Shop Operations	Paget	ChanSes R
Landfill Operation	Hogan's Pocket	

All of the contracts will continue beyond 2011/12.

5.3 Environmental Monitoring & Management

Waste Services conducts a regular, planned environmental monitoring programme at both its operational and closed landfill sites. Groundwater and surface water samples are obtained at all such sites.

Samples are tested for physical & chemical properties, metals, and pesticides while samples from the Bayersville remediation site is also tested for petroleum hydrocarbons.

Table 13: Environmental Monitoring Programme

Site	Sampling	Frequency
Operational Landfills		
Hogan's Pocket	Groundwater, Surface water	Quarterly
Sarina *	Groundwater	Bi-Annually
Remediation Sites		
Koumala	Groundwater	Bi-Annually
Bayersville	Groundwater	Quarterly
Kolijo	Groundwater	Bi-Annually
Seaforth	Groundwater	Bi-Annually
Farbeach	Groundwater	Bi-Annually
Boundary Road	Groundwater	Bi-Annually

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Grendon Street	Groundwater	Bi-Annually
Walkerston	Groundwater	Bi-Annually
Bucasia	Groundwater	Bi-Annually
Hay Point *	Groundwater	Bi-Annually
Otterburn *	Groundwater	Bi-Annually
Gargett	Groundwater	Bi-Annually
Bedford Road	Groundwater	Quarterly

* Earmarked for closure and remediation

Post Closure Care Management Plans (PCCMP) have been developed for:

- Hay Point
- Sarina
- Otterburn
- Bayersville
- Kolijo
- Seaforth

6.0 Staffing

Direct staff employed within the Waste Services programme stand at 9 persons.

In addition, Waste Services receives services from the Directors' Office and the Business Services programme.

It is estimated that approximately 20% of the output of these common services is consumed by Waste Services, resulting in an additional indirect headcount of around 5 equivalent heads with an associated cost as identified in Table 14 : Staff Numbers and Costs.

No increases in staff cadre are planned for 2011/12.

Table 14 : Staff Numbers and Costs

Category	2011/12 Budget		2010/11 F'cast
	Count	Cost ('000)	Cost ('000)
Waste Services	9	825	836
Director's Office	-	51	52
Business Services	-	359	364

7.0 Financial Management

7.1 2011/12 Operating Budget

The excess of revenue over operating expenses for 2010/11 is forecast at \$ 4 Mn., well in excess of budget of \$ 2.6 Mn. The positive variance arises from a combination of higher revenues and lower than budgeted operating expenses. The corresponding budget for 2011/12 is \$ 4.4 Mn.

The budgeted excess for 2011/12 will primarily be used for funding capital investments (see Table 15 : Operating Performance).

Table 15 : Operating Performance

(in \$ Mn.)	11/12 Budget	10/11 Forecast	10/11 Budget	^(a) % Change	^(b) % Change
Operating Revenue	24.48	23.03	20.97	6%	10%
Operating Expenses	20.07	19.05	18.34	5%	4%
	4.41	3.98	2.63	11%	51%
Transfers					
Prior Year Balance	0	0.65	0	N/A	N/A
Unfunded Depreciation	0	0	0	0%	0%
Net Transfers	2.76	3.19	2.37	-13%	35%
Dividends & RoC	0.34	0.26	0.26	31%	0%
Other	1.31	-0.12	0	-1192%	N/A
	4.41	3.98	2.63	11%	51%
Surplus	0.00	0.00	0.00	0%	0%

^(a) 11/12 Budget over 10/11 Forecast, ^(b) 10/11 Forecast over 10/11 Budget

7.2 Capital Outlays & Funding

There was significant underspend on the capital budget for 10/11 of around 80%, primarily due to:

- Wet weather delay affecting commencement of Hogan's Pocket Cell 2 construction
- Awaiting council approval to purchase the identified land for North-side Transfer Station

As a result, approximately \$4.7 Mn of capital works will be carried forward to the current year.

The funding for the \$10.6 Mn. capital expenditure programme for 11/12 will predominantly come from loans, as shown in Table 16 : Capital Outlay & Funding. Due to the high underspend of the capital programme in 10/11, the growth of the budgeted capital expenditure in 11/12 over the forecast capital expenditure of 10/11 shows a significant increase.

Table 16 : Capital Outlay & Funding

(In \$ Mn.)	11/12 Budget	10/11 Forecast	10/11 Budget	^(a) % Change	^(b) % Change
Capital Outlays					
CapEx on Projects	10.6	1.20	6.40	783%	-81%
CapEx on Projects (c/over)	-	4.71	-	-	-
Loan Repayments	1.05	0.93	0.94	13%	-1%
	11.65	6.84	7.34	70%	-7%
Capital Funding					
Net Transfers	2.76	3.85	4.37	-28	-12%
Grants	-	0.03	-	-	-
Funded Depreciation	0.29	0.72	0.72	-60%	0%
Loans	8.60	2.24	2.25	284%	0%
	11.65	6.84	7.34	70%	-7%

^(a) 11/12 Budget over 10/11 Forecast, ^(b) 10/11 Forecast over 10/11 Budget

The envisaged ten year capital programme is detailed in Table 17 : 10 Yr Capital Investment Programme.

Table 17 : 10 Yr Capital Investment Programme

Year	\$ Mn	Year	\$ Mn
2011/12	10.6	2016/17	6.9
2012/13	9.1	2017/18	8.4
2013/14	6.7	2018/19	10.0
2014/15	4.2	2019/20	5.3
2015/16	5.5	2020/21	1.09

7.1 Reserves & Loans

The projected and budgeted reserve and loan balances for the end of 2009/10, 10/11 and 11/12 appear in Table 18 : Reserve & Loan Balances.

Table 18 : Reserve & Loan Balances

(In \$ Mn.)	Reserves	Loans
Balance as at 30/6/10 (Actual)	3.18	20.60
Balance as at 30/6/11 (Forecast)	2.92	21.89
Balance as at 30/6/12 (Budget)	2.92	29.44

7.2 Risk Management

The Directorate works within MRC's established risk management policies and procedures and maintain such systems as are necessary for the effective control and management of risks



associated with the operation of the business. The Directorate’s approach to risk management is detailed in the Total Management Plan Risk Management Strategy.

The risk assessment methodology used by Waste services is in line with that used by MRC. The current Risk matrix appears in Figure 4 : Risk Matrix.

Figure 4 : Risk Matrix

Risk Matrix	Consequences				
Likelihood	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	High 5	High4	Extreme 3	Extreme 2	Extreme1
Likely	Medium 6	High 5	High 4	Extreme 3	Extreme 2
Possible	Low 7	Medium 6	High 5	Extreme 4	Extreme 3
Unlikely	Low 8	Low 7	Medium 6	High 5	Extreme 4
Rare	Low 9	Low 8	Medium 7	High 6	Extreme 5

The Directorate has in place general commercial insurance policies which are sourced and managed by MRC’s Corporate Services directorate.

8.0 Reporting

The key reporting requirements of Waste Services include internal reporting (which includes reporting to MRC) and external reporting primarily based on legislative or regulatory requirements.

8.1 Internal Council Reporting

Internal Council reporting comprise of:

- Annual Budget *
- Annual Performance Plan *
- Annual Operational Plan *
- Quarterly Budget Reviews (Operational & Capital)
- Quarterly Operational Plan Reviews
- Monthly Performance Reports
- Capital Project Reviews (as required)
- Specific Council Briefings (as required)

* These reports are formerly adopted by Council through an Ordinary Resolution.

8.2 External Reporting

The external reporting undertaken by Waste Services is detailed in Table 19 : External Reporting.

Table 19 : External Reporting

Report	To	Frequency
Landfill Levy Reports	DERM	Monthly / Annual
Annual Return (all Waste ERA's)	DERM	Annual
Local Government Annual Waste Report	DERM	Annual