



WASTE SERVICES

PERFORMANCE PLAN (2019-2024)

(Including the requirements for Annual Performance Plan (LG Act))
and a Strategic Asset Management Plan (ISO55000)

July 2018

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1.0 Executive Summary

This plan provides an overview of the Waste Services business over the next five years and the initiatives to move the Waste Business forward. It specifies the range of services that Waste Services provides to internal and external clients.

The plan provides an overview of external influences that the Waste Industry is subject to; such as economic, social, regulatory and environmental influences, and internal influences; such as council's corporate plan, so that we can accommodate these influences in the development of the business strategy and implement risk management strategies to mitigate these risks.

In developing the business plan, it is important to recognise demand forecasting and the influences, such as population, economic growth, weather, national and state government policy and alternative waste management providers, which will contribute to the infrastructure planning of waste services.

The plan provides an overall Business Structure for Waste Services, and the responsibilities of the Water and Waste Services management team. Key Business Processes are Collection Services, Materials Recovery, Landfill Management, Transfer Stations, Waste Strategic Planning, Infrastructure Delivery, and Environmental Monitoring & Management and with each area comes opportunities to optimise the efficiencies in these areas, but also a number of risks that will need to be managed.

Waste Services aims to ensure effective and efficient management of waste asset management and an asset management framework is being developed to ensure that key objectives are achieved. A risk based approach is being embraced by Waste Services in making Asset Management decisions, as well as understanding the service performance of the assets and whether to upgrade, renew or build new. A five year asset investment profile has been provided for the waste capital program.

In 2018/2019 there is a high level of unpredictability due to external drivers. Issues such as the Chinese "national sword" impact on the global recycling system, the new Queensland Container Refund Scheme and the recently announced State Government's waste levy will impact or influence Council's own waste strategic thinking. However external influences are not new, for example the previous waste levy and the national carbon pricing mechanism has shown that Council is agile and resilient to changing environments with Council implementing appropriate measured responses on behalf of its community.

The plan provides an overview of the Financial Management of the Waste Services, including the Pricing and Revenue and Operating Performance, where 79% of budgeted operating surplus for 2018/19 will be diverted back to MRC as dividends. It also includes the 2018/19 Capital Outlays, where capital works exceeding \$151,575 is planned, along with the 10-year capital investment program.

Waste Services lists a number of internal and external reporting requirements that details the performance criteria. A number of external reports are required to be provided to various State and Federal agencies in accordance with legislative requirements.

The key initiatives that will be delivered over the course of the five-year business plan are detailed in Table 1. The key initiatives are aimed at ensuring that Waste Services delivers on the corporate objectives into the future.

Table 1 : Key Initiatives

 BUSINESS PLAN 2018 - 2021 Water Services (ID-PS-WT-WN-WS)		OUR VISION: <i>Water & Waste Services will be an innovative service provider which is recognised for its commercial performance, provides regional leadership, has the respect of its customers & industry regulators, and prides itself on its sustainability.</i>				Corporate Priority
OUR PURPOSE: <i>Water & Waste Services is committed to delivering sustainable water and waste services to the Mackay Region in an efficient and commercially responsible manner.</i>		Measures of Success				
Service Objective	Business Priorities	Yr 1	Yr 2	Yr 3		
Safety	<ol style="list-style-type: none"> 1. Improve safety performance by developing a proactive safety culture 2. Reduce risks by implementing best practice safety management across all business areas 3. Improve customer empowerment by enabling them to manage their water consumption 4. Keep our stakeholders engaged and informed through proactive communication 5. Optimise the cost of providing services through revising customer service standards 6. Contribute to wider MRC service delivery by streamlined internal stakeholder service provision 	✓	✓	✓	<ul style="list-style-type: none"> • Harm to our employees and contractors is reduced and we have a positive safety culture where all incidents are reported • Achieve 100% for the Safety Interactions target. • 100% reporting of all incidents within required timeframes • 5% improvement in reporting of near misses reported 	Organisational performance
Customer satisfaction	<ol style="list-style-type: none"> 7. Foster workforce with engaged culture, clear roles, responsibilities, accountabilities 8. Deliver appropriate resourcing levels to respond to business demands 9. Provide an environment where our people proactively contribute and desire to be part of a high performing team by enhancing employee performance through talent recruitment, development, retention and succession planning 	✓	✓	✓	<ul style="list-style-type: none"> • Our community is engaged with the Water and Waste business and expectations are met. • Increase Owner/Occupier residential properties registrations of m/h2o by 10% • Four Facebook posts per month across water and waste • Review and update Customer Service Charter • Maintain Average residential daily per capita consumption 200 lpd +/- 10% • Undertake biannual recycling bin audit, internally and externally • Implement an agreed process for the coordination of planning inter departmental capital projects 	
People & Culture	<ol style="list-style-type: none"> 10. Improve asset utilisation by embedding prudent and efficient decision-making principles 11. Contribute to the Water and wastewater budget process and outcomes by improved delivery of services through operational efficiencies and optimisation 12. Increase revenue base through pursuing alternative sources of revenue 	✓	✓	✓	<ul style="list-style-type: none"> • The right people are in the right roles with the right skills and knowledge. • 10% improvement in cultural attitudes MRC staff survey • 100% Completion of each programs People and Culture Initiatives in annual Action plan • Four staff updates for all Water and Waste staff per year • Develop a roadmap to implement Water Industry Operator and Water Industry Worker competency framework • 100% of performance appraisals completed within timeframe 	
Finance	<p>To provide an environment and a culture with an aspiration to achieve zero harm to our employees and contractors.</p> <p>To engage with our community and consistently meet our customer services standards.</p> <p>To create an engaged and high performing team culture with the aim to have the right people in the right roles with the right skills and knowledge to deliver on the vision.</p> <p>Manage the income and expenditure in a commercially sustainable way.</p>	✓	✓	✓	<ul style="list-style-type: none"> • Planning optimisation used to devise capital program developed within Governance Framework in line with MRC budget schedule • Water and Waste Services have met all budget requirements. • Waste Services Full Price Cost Model development completed in 2018/19 • Increased revenue from alternative sources realised 	

Working as one team to achieve for our clients & community

2.0 Introduction

2.1 Purpose

This Performance Plan integrates the activities of waste service delivery to ensure Waste Services delivers its business outcomes as efficiently and effectively as possible.

Waste Services is recognised by the State as a Significant Business Activity under the Local Government Act. The business therefore must function in a manner that addresses the following regulatory requirements¹:

- Clearly outline the nature, extent and the objectives of the business;
- Develop strategies to ensure the sustainable management of the businesses assets/infrastructure;
- Operate within a manner consistent with Council's long term financial forecast; and
- Develop an Annual Operations/Performance Plan.

This Performance Plan is designed to address each of these legislative provisions. This document will contain both the longer-term strategy (five-year program) for business improvement as well as the more immediate (annual) goals for the business.

The Performance Plan has also been structured to define the elements of the businesses "Asset Management System" as identified in the (Draft) International Standard for Asset Management ISO 55000.

¹ Qld Local Government Regulation, 2012

3.0 Services Provided

3.1 Services Provided

Waste Services provides a range of waste related services to internal and external customers. The scope of high level services provided to external customers is as follows:

- Kerbside Waste and Recyclables Collection
- Transfer Station Operations
- Green Waste Collection Station Operations
- Materials Recovery Facility Operations
- Resource Recovery Operations
- Landfill Operations
- Environmental Monitoring & Management
- Waste and Recycling Education
- Landfill Gas Management

The scope of services provided to internal customers is as follows:

- Development Approval Referrals
- Event Bin Management
- Waste Audits
- Waste Education

3.2 Customers Service Standards

Waste Services is committed to providing a high quality, safe and reliable waste and recycling services in an efficient and sustainable way. In recognition of this commitment and in alignment with the Water Services business, Waste Services will develop a Customer Charter.

The Customer Charter will encapsulate the service standard for all elements of the services provided to both external and internal customers. Once developed the Customer Charter will be continually reviewed, to ensure an optimum balance between the levels of service and the cost of the service provision to the community.

4.0 Business Context

4.1 Introduction

Waste Services operates within the Mackay Regional Council Local Government Area. The Region extends over an area of 7,621 square kilometres, from North of Bloomsbury to South of Koumala and extending past Eungella to the West. Mackay Regional Council employs approximately 1,100 staff.

The current population within the Council's region of estimated to be 117,797 as at 30 June 2017 and is expected to grow steadily into the future. Waste Services is responsible for the delivery of Waste Services for this growing regional community.

Figure 1 : Map of Mackay Regional Council



4.2 Business Environment (External):

As an essential service and one which is fundamental to economic, social and environmental development, the waste industry is subject to a wide range of external influences which need to be accommodated in the development of the business strategy. Specific external drivers which shape the business and operating strategies adopted by Waste Services are summarised in Table 2 . These forces will continue to have an impact on the operations over the coming years.

Table 2: Business's External Environment

Issue	Description	Implications for Waste Services
Fiscal Constraints	<p>Capital Funding: The inability to obtain consistent grant funding for capital expenditure has impacted Waste Services capital funding options.</p> <p>Waste Services has been successful in receiving grant funding when the opportunity arises such as Royalties to the Regions, Works for Queensland and Australian Packaging Covenant funding, however these grant opportunities are ad hoc.</p> <p>Disaster Relief Funding: In recent years there have been a number of natural disasters throughout the State. While Mackay Regional Council has secured \$300 to \$400 million in federal funding over 3 years for road repairs, this funding does not cover the cost for waste services reinstatement of assets and services.</p> <p>Pressure On Rates Mackay Regional Council is among the top five charging Councils in Queensland. As such, the ability for the community to continue to absorb further significant increases is limited.</p>	<p>Removal of Capital Subsidies continues to impact the waste business in its ability to fund a large forward capital program necessary to support the growing community. Ad hoc funding from other sources does not provide any certainty and cannot be relied upon.</p> <p>Waste Services will be required to self-fund for any asset repairs and the provision of additional services during a recovery phase of a natural disaster event.</p>
Socio-political Considerations	<p>Cost of Living The Mackay Regional economy in the past 10 years has experienced significant growth followed by an adjustment upon the downturn in the mining industry. However, there are many indicators that are showing that the economic activity in the region is now recovering. Irrespective of the economic conditions, the business needs to have an ongoing objective to identify opportunities to lower costs of services provided.</p> <p>Socio-economic profile The socio-economic profile of the Mackay Community is one of contrast. The Region has historically had an average wage among the highest in Queensland.</p> <p>Financial pressures within the community continue although there are positive signs with the unemployment rate being approximately 3.9%, which across the state is one of the lowest.</p> <p>In 2014 Council commissioned a Community Attitudes Survey. The survey revealed that 25% residents surveyed mentioned the price to use Council's waste disposal facilities. Also from the same research 14% of residents believed that Council needs to reduce the costs to use the facilities.</p>	<p>Cost of living pressures constrain the ability of the business to recover its increasing costs through pricing and drive a business objective of minimising the cost to provide services in the long run.</p> <p>Pricing signals are generally considered ineffective for the provision of waste services for residents as it has a mixed outcome as it depends on the socio-economic profile of the resident.</p> <p>Price signals are effective for the commercial market, however there needs to be established alternative services to cater for diverted commercial waste to enable them to be effective.</p> <p>The market research shows that this is accentuated in Mackay for a segment of the community with high wages that demand management is ignored, whereas residents that have low wages may not be able to seek alternatives.</p> <p>Demand management programs need to consider multiple customer groups.</p>

Issue	Description	Implications for Waste Services
<p>Waste Industry Reform</p>	<p>Commercialisation Commonwealth and State government policy require larger water and waste businesses to operate on a commercial basis. This means that at a minimum all operational costs need to be covered by waste fees and charges and that investments will need to be funded on a commercial basis.</p> <p>Waste Reduction and Recycling The Waste Reduction and Recycling Act 2011 makes a number of changes that impacts Waste Services. The Act has provisions for Local Governments to develop a waste reduction and recycling plan that determine the strategic direction of waste management.</p> <p>The Act is the enabling legislation for the Queensland Government to develop and implement a State Waste Management Strategy. The strategy sets the future state direction on waste management and is subject to review by the Queensland Government.</p> <p>The current government has announced new policy initiatives including the introduction of a container refund scheme (CRS), waste levy re-introduction, plastic bag bans, product stewardship review, landfill bans for certain waste streams and alteration to current licencing arrangements. These potentially will have a direct impact on Council's current business.</p> <p>The recent implementation of the "national sword" policy by China, has had a dramatic effect on global and domestic demand for recyclables. This has substantially reduced commodity pricing and the acceptance criteria.</p>	<p>Mackay Water and Waste Services is operating in accordance with the requirements for a "Commercialised Business Unit" of Council as specified in the Local Government Act and associated regulation</p> <p>In alignment in the manner that Council's Water Services is being managed, Waste Services is recognising the pressures for future reform. Further Water Services has expanded the Water and Waste Advisory Board to include Waste Services operational areas.</p> <p>Waste Services will continue to review its Waste Management Strategic Plan (Waste Management Strategy) that contains its recovery and recycling plan. The plan requires ongoing revision to reflect the current economy of the region and any implications of the Queensland government's review of the state waste management strategy.</p> <p>Waste Services will review the potential impacts and opportunities of any proposed Container Refund Scheme, waste levy re-introduction, plastic bag bans product stewardship review, landfill bans and any other policy changes on the business.</p> <p>Waste Services is working collaboratively with our Materials Recovery Facility operator to minimise impacts to council and rate payers.</p> <p>Waste Services is working collaboratively with our Materials Recovery Facility operator to minimise impacts to council and rate payers.</p>
<p>Legislation</p>	<p>Environmental Legislation Compliance with legislation mandating environmental outcomes is a key driver for waste businesses. Regulation governing the environmental aspects of the waste businesses has increased significantly in recent years. This in turn impacts the cost of delivering waste services. A shift has occurred in how the regulatory environment licences and conditions waste service providers with a greater understanding of the cost to serve while meeting regulatory requirements. With less prescription and more outcomes focused, conditioning the risk partially is transferred back to the service provider.</p>	<p>Waste Services has undertaken a review of legislative changes to date and has developed actions to ensure compliance with these changes. The business will continue to remain compliant "in touch" with ongoing legislative change.</p>

4.3 Business Environment (Internal)

4.3.1. Corporate Drivers

Mackay Regional Council's Corporate Plan 2016-2021 sets out the strategic direction of the Council. The Corporate Plan is intended to unify and guide the decision-making processes of the different departments to ensure the common vision of the Council is delivered to its ratepayers. As such, the Corporate Plan defines the overall strategic direction for Waste Services.

Table 3 provides a high-level summary of how the waste business has translated the corporate plan objectives into objectives for Waste Services.

Councils Planning Scheme embodies the Vision for the Region including expectations for growth, levels of service and efficient land use. The Planning Scheme provides guidance to Waste Services on the scope, scale, location and timing of growth anticipated and associated service requirements within the Mackay Region.

Further, council is actively pursuing alternative sources of revenue to expand the revenue base and strengthen its financial position. Water and Waste Services is embracing this concept where there are synergies with the existing business activities.

Table 3. Waste Business Objectives to Support Corporate Plan

Corporate Plan Strategic priority	Corporate Plan Objective	Supporting Waste Business Objectives
Economy	We will maintain a buoyant, diverse economy that creates opportunities and employment and builds on our strengths so that we are a key player in the global economy.	<ul style="list-style-type: none"> Waste Services will deliver efficient service delivery that minimises the cost to provide services in the long run. This will directly increase the disposable income available in the community and strengthen the local economy. Where financially responsible Water and Waste will export skills developed. The Corporate Plan objective is delivered through the Water and Waste Key Result Area of Finance detailed in Table 6
Community Pride	Our sense of community enables us to come together to build a supportive environment for people of all cultures, beliefs and backgrounds.	<ul style="list-style-type: none"> Waste Services will be an innovative waste service provider which is recognised for its commercial performance, provides regional leadership, has the respect of its customers & industry regulators, and prides itself on its sustainability. Waste Services will support the Mackay Pride campaign by promoting the services provided and the outcomes delivered. The Corporate Plan objective is delivered through the Water and Waste Key Result Area of Customer Satisfaction detailed in Table 6
Regional Identity	Develop a strong regional voice to promote and facilitate growth to become a leading community in Northern Australia.	<ul style="list-style-type: none"> Waste Services will contribute to the strengthening of the Queensland and Australian Waste Industry through its contribution to formal and informal National, State and Regional Waste Industry Associations and inter utility collaboration. Waste Services will deliver regional leadership through its involvement and leadership in industry groups. The Corporate Plan objective is delivered through the Water and Waste Key Result Area of Customer Satisfaction detailed in Table 6
Community health and wellbeing	Enjoy a safe, healthy and accessible community that celebrates a diverse range of services and facilities.	<ul style="list-style-type: none"> Waste Services commit to provide safe, reliable and high-quality waste services to the community. As a supporting service provider to the health and wellbeing of the community Waste Services will deliver integrated planning for our services to ensure support the broader objectives of the region. Waste Services will support community resilience through effective business continuity planning and preparedness. The Corporate Plan objective is delivered through the Water and Waste Key Result Area of Quality Systems and Continuous Improvement detailed in Table 6

Corporate Plan Strategic priority	Corporate Plan Objective	Supporting Waste Business Objectives
Environment	We treasure our natural environment and through care and resilience will protect it for future generations.	<ul style="list-style-type: none"> Waste Services will minimise impact on the environment in a commercially sustainable way. Water and Waste recognises that this is achieved through a broad range of measures including optimised operations, effective asset planning and a coordinated approach to future planning of service delivery. The Corporate Plan objective is delivered through the Water and Waste Key Result Area of Asset Management and Continuous Improvement detailed in Table 6
Infrastructure and transport	We will implement an effective, well managed plan to deliver the right infrastructure at the right time to meet the needs and economic growth of our community.	<ul style="list-style-type: none"> Waste Services will deliver the best whole of life outcome decisions for the regions assets to meet the customer service standards into the future. The Corporate Plan objective is delivered through the Water and Waste Key Result Area of Asset Management detailed in Table 6
Lifelong learning	Build an informed, involved and digitally connected community that retains and attracts knowledge.	<ul style="list-style-type: none"> Waste Services will deliver an empowerment to our customers in the management of the services that are provided. Empowering our customers involves an improved understanding of our customer's needs, delivering effective communication and providing self-service capabilities. The Corporate Plan objective is delivered through the Water and Waste Key Result Area of Customer Satisfaction detailed in Table 6
Organisational performance	We will be an innovative and responsive council that strives for excellence every day to achieve for our customers and the community.	<ul style="list-style-type: none"> Waste Services will deliver best practice quality and management systems too consistently and efficiently deliver on the stakeholder outcomes. The Corporate Plan objective is delivered through the Water and Waste Key Result Area of Quality Systems and Continuous Improvement detailed in Table 6

4.3.2 Governance

Waste Services is subject to the governance regulations applicable to local governments. This includes:

- *Capital Governance Framework.* As a capital-intensive business, it is essential that prudent financial sustainability practices limit the level of debt funding. Community considerations and monopoly status also constrain operating margins. These dual requirements effectively “cap” the speed at which infrastructure can be provided.

In 2012, Council implemented a Capital Advisory Committee to oversee capital decision making in Water and Waste Services. The committee has now evolved into the Water and Waste Advisory Board. The purpose of the Board is to provide advice on the provision and enhancement of waste management infrastructure to serve the Mackay Regional Council community in accordance with the Council’s land use planning strategy and its Waste Management Strategic Plan (Waste Management Strategy). The additional governance arrangement has delivered tangible benefits to Waste Services.

- *Operating Governance Framework.* To ensure that the business is efficient and effective in delivering its outcomes, a clear governance framework has been developed across the business. This framework ensures that all personnel understand their roles/responsibilities and outcomes are managed using an appropriate performance framework. The management structure of Waste Services is defined in Section 7 with the key functional elements of the business discussed in Section 8. The Governance provided by the Water and Waste Advisory Board has now extended over the operating environment.

4.3.3. Organisational Values

Mackay Regional Council is undertaking a cultural change program. The change program aims to implement a culture based on:

“Working as one team to achieve for our customers and our community”

The program is underpinned by five core values. These values are:

- Workplace Health and Safety
- Customer Satisfaction
- Respect
- Teamwork
- Accountability

4.4 Risk Management

Waste Services works within Mackay Regional Council Enterprise Risk Management Framework and maintains such systems as are necessary for the effective control and management of risks associated with the operation of the business. Waste Services applies a risk based approach to the management of the business. Risk registers are developed or are in development for the following areas:

- Site Management

- Disaster Management
- Asset Management
- Individual projects as required.

A list of the top risks to the business is provided in Table 4.

Table 4: Key Business Risks

Category	Risk	Mitigating Measures
Workplace Health and Safety	Accidents or incidents leading to injury of staff or others.	<ul style="list-style-type: none"> • Safe Plan implementation • Safety culture initiatives
Public Health	<p>Failure of systems or breach of procedures resulting in the spread of communicable disease or release of toxins.</p> <p>Failure to provide collections of putrescible waste.</p>	<ul style="list-style-type: none"> • Site Based Management Plans • Best practice landfill management • Best practice waste collection services • Real time monitoring
Environmental	<p>Incident causing release of unlicensed contaminants to receiving environment.</p> <p>Legacy landfill impacts on environment</p>	<ul style="list-style-type: none"> • Site Based Management Plans • Ground Water Monitoring Program • Identified in Capital Long Term Financial Forecast • Asset management plans • Real time monitoring
Service Standards	Insufficient information about assets to make asset life cycle decisions to maintain service standards and make optimised infrastructure decisions.	<ul style="list-style-type: none"> • Asset management system improvements • Monitor pro implementation • Use of waste management data to aid decisions
Growth	Unplanned growth or out of sequence growth resulting in misaligned capital investment.	<ul style="list-style-type: none"> • Shaping Mackay Coordination Strategy • Master and local area plans • Waste Management Strategic Plan
Resources and Skills	<p>Inadequate resources to deliver on stakeholder requirements.</p> <p>Ageing workforce.</p>	<ul style="list-style-type: none"> • Human Resources Plan in conjunction with the People and Culture Team (Key Initiative 3.3.1) • Training gap analysis and rectification planning
Community	<p>Community uninformed about Waste Services activities leading to concern and mistrust.</p> <p>Incorrect disposal of waste types (Recyclables, Regulated, Hazardous & Clinical)</p>	<ul style="list-style-type: none"> • Develop Customer Charter • Develop Social Marketing Plan • Initiative to provide access to waste disposal information • Stakeholder engagement and education initiatives

Waste Services has in place general commercial insurance policies to mitigate against key risks. These policies are managed by MRC's Organisational Services directorate.

4.5 Stakeholders

Table 5 details the key stakeholders relevant to Waste Services. The table outlines the responsibilities and requirements of each of the major stakeholders. The principal stakeholder is Mackay Regional Council.

Table 5: Stakeholders & Interests

Stakeholder	Interest	Waste Services Deliverables	Stakeholder 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 • Governance • 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 Community Service 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 • Provide Support Services
	Service Provider	<ul style="list-style-type: none"> • Establish Service Requirements 	<ul style="list-style-type: none"> • Provide Support Services • Maintain Service Level Agreements
	Capital Works Directorate	<ul style="list-style-type: none"> • Engage to identify problem to be solved or opportunity to be realised. Investigate options, identify preferred option and whole of life costs • Provide detailed Business Cases, • Engage to inform operability of assets to be created 	<ul style="list-style-type: none"> • Engage to inform the preliminary designs and constructability of projects • Deliver Capital projects on time and on budget • Ensure new assets compliance with quality and Levels of Service requirements
Customer	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"> • Ensure Safety • Create a Conducive Work Environment • Provide Job Security • 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 Legislative & Reporting Requirements • Engage relating to initiatives and issues • Incorporate Community Requirements 	<ul style="list-style-type: none"> • Interpretation & Implementation Support • Adopt a Balanced Approach

5.0 Strategy

5.1 Vision

Waste Services vision statement is an expression of the business's commitment to delivering quality Waste services into the future. The Vision statement defines where the business wants to be in 5 or 10 years' time. The Vision Statement for Waste Services is:

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

5.2 Business Mission

Waste Service's mission statement has been developed to reflect the business's current activities, outcomes and customers. The mission statement for Waste Services is:

“Waste Services is committed to delivering sustainable waste services to the Mackay Region in an efficient and commercially responsible manner”

5.3 Key Objectives

Waste Services has translated the Principle Drivers, the Vision and Mission into a series of seven key result areas and overarching objectives. The objectives provide the focus areas for Waste Services to build the strategic direction in response to the key drivers influencing the business, as per Table 6

Table 6: Key Results Area for Waste Services

KRA	Description of Objective
Safety	<ul style="list-style-type: none"> Aims to provide an environment and a culture with an aspiration to achieve zero harm to our employees and contractors.
People and Culture	<ul style="list-style-type: none"> Aspires to create an engaged and high performing team culture with the aim to have the right people in the right quantity with the right skills and knowledge to deliver on the mission.
Finance	<ul style="list-style-type: none"> Will manage the income and expenditure in a commercially sustainable way.
Quality Systems / Continuous Improvement	<ul style="list-style-type: none"> Aspires to create systems and procedures that assure delivery, sustainability, quality, speed of response, and management by fact.
Customer Service	<ul style="list-style-type: none"> Aspires to engage and empower with our community and consistently meet our customer service standards.
Asset Management	<ul style="list-style-type: none"> Will deliver the best whole of life outcome decisions for the regions assets to meet the customer service standards into the future.
Regulatory Compliance	<ul style="list-style-type: none"> Aims to ensure all operations and activities are undertaken in compliance with our regulatory obligations.

6.0 Demand Forecasting

6.1 Demand on Services into the Future

The demand for Waste Services is influenced by a range of factors including:

- Population and economic growth;
- National and State Government policy;
- Provision of alternative waste management providers;
- Weather and weather patterns;
- Waste generation and diversion culture in the community including the extent of recycling practices;

The impact of growth on the waste infrastructure is detailed in the waste planning reports. Master infrastructure planning is current for the Waste Services for Mackay region. The investment required to maintain services is reflected in the long term financial forecast.

As part of the planning process Waste Services ensures that it assesses potential future technologies and processes to be considered for future Council's options as an alternative to best practice landfilling. Long term options to be considered include Energy from Waste (EfW), Biochar, composting, vermiculture, mixed waste processing, organic waste collection and treatment, pyrolysis and other options. Any options, needs to consider the ability to reduce the total cost to the community, for the management of its waste.

6.1.1. Waste Management Services Forecasting

To provide guidance on future demand of Council provided Waste Services the following tables provide forecasts of relevant tonnes and transactions for services. It must be noted that this information relates only to Council managed waste services and does not include tonnes of waste managed by the private sector.

Table 7: Collection Services

Year	Actual (Tonnes)					Forecast (Tonnes)		
	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017- 2018*	2018 - 2019	2019 - 2020	2020- 2021
Total Collected Waste to Landfill	33,713	34,218	32,895	32,152	32,216	32,216	32,216	32,216

* Projected based on actuals to 30 April 2018

Table 8: Waste Landfilled

Waste Type	Actual (Tonnes)					Forecast (Tonnes)		
	2013 -2014	2014 -2015	2015 -2016	2016 -2017	2017-2018*	2018 -2019	2019 -2020	2020-2021
Domestic self-haul	-	4,441	9,031	9,622	9,131	9,131	9,131	9,131
Domestic kerbside collection	33,713	34,219	32,895	32,152	32,216	32,216	32,216	32,216
Commercial and Industrial	35,806	30,208	33,696	27,894	30,478	30,478	30,478	30,478
Construction and Demolition	16,164	17,568	5,940	4,645	6,181	6,181	6,181	6,181
Other (inc Regulatory Waste)	18,278	8,170	2,171	1,553	1,873	1,873	1,873	1,873
Total Waste to Landfill	103,961	94,606	83,733	75,866	79,879	79,879	79,879	79,879

* Projected based on actuals to 30 April 2018

Table 9: Material Recovered

Resource Recovered Type	Actual (Tonnes)					Forecast (Tonnes)		
	2013 -2014	2014 -2015	2015 -2016	2016 -2017	2017-2018*	2018-2019	2019 -2020	2020-2021
Green Waste	9,058	5,544	8,090	9,551	7,248	7,248	7,248	7,248
Domestic Kerbside Recycling	4,917	5,215	13,893	7,523	8,718	8,718	8,718	8,718
Construction and Demolition	-	-	-	-	-	-	-	-
Resource Recovery Drop Off	-	2,165	-	2,084	3,825	3,825	3,825	3,825
Total tonnes diverted	13,975	12,924	21,983	19,158	19,791	19,791	19,791	19,791
% of total waste diverted	11.85%	12.02%	20.79%	25.25%	24.78%	24.78%	24.78%	24.78%

* Projected based on actuals to 30 April 2018

Overall tonnes of waste received by Council for landfilling has started to stabilise after a long period of contraction. Despite this, recovery rates continue to achieve over 20%, which reflects Council’s strong efforts and focus on diverting waste from landfill.

7.0 Business Structure

7.1 Nature of Business

Waste Services is one of two Business Units of the Water and Waste Services (WWS) Directorate within Mackay Regional Council. The Directorate is one of four Directorates within MRC. The Directorate is responsible for the provision of three primary services:

- Treatment and Supply of Potable Water
- Collection & Treatment of Wastewater
- Collection and Processing of Solid Waste

The structure within which the Waste Services business is organised is given in Figure 2.

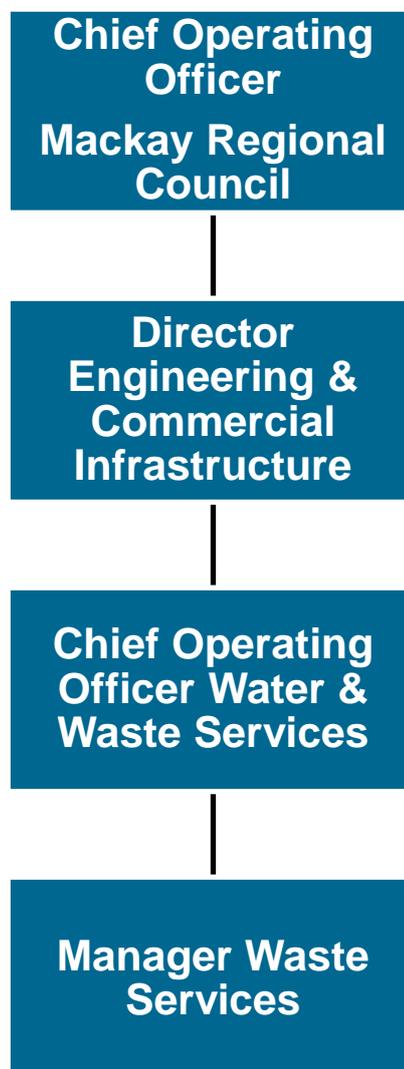


Figure 2 : Organisation Structure

Waste Services is a significant business activity under the *Local Government Act 2009*. Waste Services is responsible for:

- Waste and Recyclable Collection Services

- Processing of Recyclables
- Transfer Station Management and Operations
- Landfill and Haulage Management and Operations
- Greenwaste Processing
- Resource Recovery Operations
- Legacy Waste Management
- Landfill Gas Management

In delivering waste services the following range of activities are undertaken:

- Contract management
- Strategic procurement
- Project management (including asset delivery coordination)
- Preventative and reactive maintenance
- Compliance monitoring
- Strategic waste management planning including financial modelling
- Customer management

7.2 Management Structure

The management structure and associated business activities within Water and Waste Services are outlined in Figure 3.

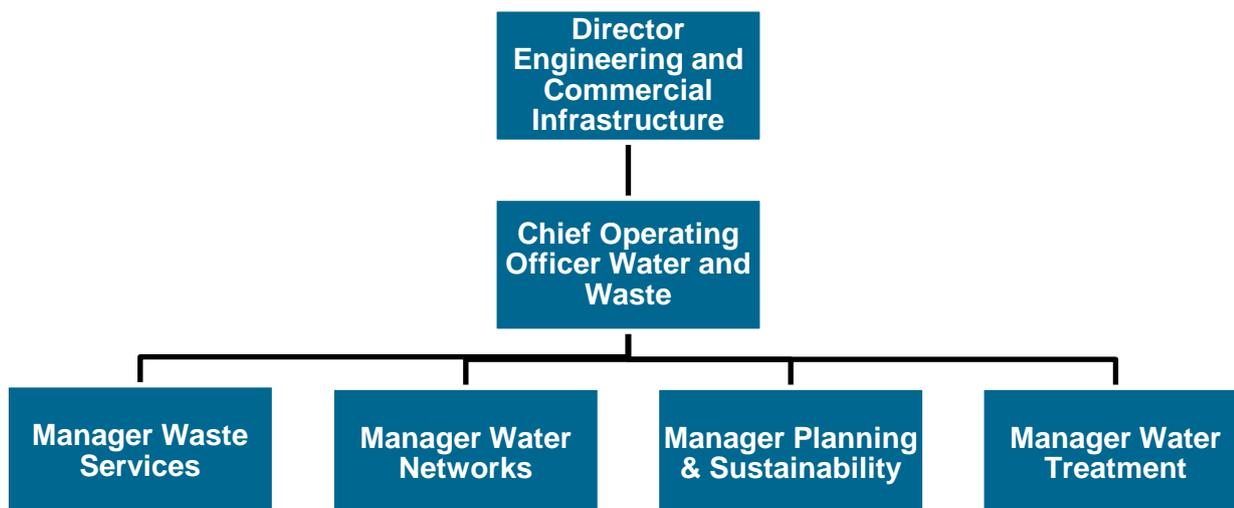


Figure 3 : Waste Services Management Structure

The responsibilities of the Water and Waste Services Management Team are identified in Table 10.

Table 10: Management Responsibilities

Engineering & Commercial Infrastructure		Capital Works - DIRECTOR									
ENGINEERING AND COMMERCIAL INFRASTRUCTURE – DIRECTOR		CAPITAL WORKS - DIRECTOR									
<p>Water Services, Waste Services, Roads & Drainage</p> <ul style="list-style-type: none"> Provide Strategic Direction & Leadership to Engineering & Commercial Infrastructure Monitor regulatory change and manage regulatory compliance <p>CHIEF OPERATING OFFICER – WATER AND WASTE</p> <ul style="list-style-type: none"> Ensure businesses operate under commercialisation principles Provide advice to CEO & Councillors Establish and maintain relationships with industry stakeholders <p>PLANNING & SUSTAINABILITY</p> <ul style="list-style-type: none"> Establish and maintain strategic initiatives Implement continuous improvement within the business unit Deliver operational changes as required by legislation Manage the implementation of strategic initiatives for the business units Development of performance, policy and service standards <p>TREATMENT</p> <ul style="list-style-type: none"> Deliver effective operation and maintenance of water and wastewater assets to ensure environmental compliance and protect public health. Treatment <ul style="list-style-type: none"> Delivery of potable water Deliver wastewater treatment Manage effluent recycling Sustainably manage biosolids Investigate and manage incidents Provide maintenance planning Investigate and / condition assessment Investigate and manage incidents Provide maintenance and condition data to the Planning & Sustainability program. Maintenance <ul style="list-style-type: none"> Deliver preventative and reactive maintenance Undertake sewer overflow abatement investigations Undertake active water leak detection Undertake water meter replacement as required Manage telemetry and SCADA Scientific and Analytical Services <ul style="list-style-type: none"> Testing, investigation and analysis Environment <ul style="list-style-type: none"> Coordination of environmental management services Regulatory monitoring and regulator liaison <p>INFRASTRUCTURE DELIVERY</p> <ul style="list-style-type: none"> Provide value for money delivery of water and wastewater infrastructure projects. Project Management <ul style="list-style-type: none"> Maintain project management systems Deliver effective selection of project delivery mechanisms Project Delivery <ul style="list-style-type: none"> Manage land acquisition to support infrastructure projects Acquire regulator and industry approvals Undertake design Deliver strategic procurement Provide construction / construction management Undertake asset commissioning As constructed drawings and project close out Handover of projects to operations 		<p>Responsible for the delivery of capital works across council</p>									
<p>WASTE SERVICES</p> <ul style="list-style-type: none"> Waste Services is responsible for forecasting and adequately planning short and long-term waste infrastructure solutions, designing and constructing against these plans, and managing operational and maintenance contracts for waste sites. Strategic Asset Management <ul style="list-style-type: none"> Infrastructure & Asset Renewal (1-10-year capital renewal) Strategic asset maintenance planning Strategic Infrastructure Planning <ul style="list-style-type: none"> Modelling Infrastructure Charging 10-year Capital Planning Detailed Infrastructure Planning <ul style="list-style-type: none"> 1-year Capital Program Planning Project management (including asset delivery coordination) Waste Services <ul style="list-style-type: none"> Contract management Strategic procurement Project management (including asset delivery coordination) Site management Preventative & reactive maintenance Compliance monitoring 		<p>BUSINESS SERVICES</p> <ul style="list-style-type: none"> Delivery support services across Water & Waste Services. Financial Management <ul style="list-style-type: none"> Undertake operational and capital budget planning, modelling, reporting and auditing Governance and Regulation <ul style="list-style-type: none"> Coordination of environmental and management services Regulatory monitoring and regulator liaison Coordinate corporate and legislative reporting Coordination of WHS support Business Support Services <ul style="list-style-type: none"> Provision of administration services Manage customer account queries Manage key customer accounts Inspections <ul style="list-style-type: none"> Implement and manage trade waste licensing approvals and building over sewer assessment 	<p>ROADS & DRAINAGE</p> <ul style="list-style-type: none"> Civil Operations <ul style="list-style-type: none"> Maintain and conduct flood-damage restoration of sealed drainage, bridges, off-street carparks, walkways & cycleways, traffic signals and boat ramps Manage Pioneer River Improvement Trust infrastructure Manage quarry operations and gravel production for unsealed road maintenance 	<p>ASSET MANAGEMENT</p> <ul style="list-style-type: none"> "Make the best decisions about our assets for our community's future" 	<p>CUSTOMER SERVICE</p> <ul style="list-style-type: none"> "We do what we say we're going to do" 	<p>QUALITY SYSTEMS & CONTINUOUS IMPROVEMENT</p> <ul style="list-style-type: none"> "Do the right things once, do them well, find ways to do them better" 	<p>FINANCE</p> <ul style="list-style-type: none"> "Money is hard to get, watch it carefully" 	<p>PEOPLE</p> <ul style="list-style-type: none"> "People, and their skills do our business" 	<p>TEAM CULTURE</p> <ul style="list-style-type: none"> "High performing cultures are an essential part of success" 	<p>SAFETY</p> <ul style="list-style-type: none"> "Nothing is more important than our people's health or safety" 	<p>REGULATORY COMPLIANCE</p> <ul style="list-style-type: none"> "Being a good Corporate Citizen and demonstrating Corporate diligence"

8.0 Key Business Processes

8.1 Collections

The Waste Services Program is responsible for managing collection of waste throughout the region. This operation is currently contracted to JJ Richards and Sons Pty Ltd for an eight-year term from March 2015. This contract involves kerbside collection through 240 litre Mobile Garbage Bins (MGB) from mainly residential premises. Weekly general waste services are conducted, and fortnightly commingled recycle collections. The contract also provides waste and recycling bulk bin services for multiple unit dwellings.

Improved efficiency is being realised by the changeover to single contract provider servicing the entire region. A key outcome in this contract is the opportunity to drive improved performance and service delivery. Waste Services has led the way by developing Council Information Technology systems to interface with the contractor's Information Technology system.

Opportunities exist to optimise service delivery. These opportunities include:

- To realise efficiencies in a single regional collection contract by altering current collection days
- Making use of latest technology advances in on-board systems (J-Track) to continue to optimise service delivery both monitoring performance and improving services.
- Further development of Pathway to streamline processes and provide improved monitoring

A number of challenges and risks will be managed into the future. These include:

- Ability of the contractor fleet to meet demands of services.
- Contractor performance in service delivery.
- Industry driven changes to operating times – seeking all hour servicing.
- Community driven changes to operating times – seeking later starts.
- Impact of changes to *Environmental Protection Act 1994* and the *Waste Reduction & Recycling Act 2011*. This could impact on how council conducts collection services to residents.
- New State Government initiatives such as the introduction of the Container Refund Scheme, the re-introduction of a waste levy and plastic bag ban all will drive change to the way that council currently conducts collection services to residents.

8.2 Material Recovery Facility

The Material Recovery Facility is a contracted operation that receives material from the kerbside recycling collection operations. A new contract commenced on 1 March 2015 with Recycling Design & Technologies (RDT) Pty. Ltd. This is an eight-year term that saw the previous plant removed and new plant installed in a design, build and operate contract. Processing is conducted both with automated and manual sorting processes. The new operator is pursuing further use of the facility in which Waste Services receives a revenue share.

Opportunities exist to optimise the use of the facility. These opportunities include:

- Eliminating glass waste to landfill by use of an imploder to produce crushed glass (approximately 2,600 tonnes per annum).
- Increased receiving of material from neighbouring Councils.

- Increased receiving of material from commercial collection operators.
- Diversified product processing including:
 - Agricultural plastics (drip feeders).
 - Poly pipe.
 - Drummuster processing.
 - Alternative plastics (e.g. toys).
- Approve contractor to trial new machinery (optical sorting).

A number of challenges and risks will be managed into the future. These include:

- Market impact on commodities.
- Changes to legislation.
- Change in State or National policy including the introduction of a Container Refund System (CRS).

Of the above the key challenges, market impact on commodities is an ongoing inherent risk to the service. The recent implementation of the “national sword” policy by China which reduced the importation of recyclables into China as of 1 January 2018, has had a dramatic effect on global and domestic demand for recyclables. This has substantially impacted the commodity pricing by reducing the value and the accept criteria.

The Mackay MRF materials traditionally have been sold domestically. However, the sudden change in the global market has meant that other Australian MRF operators have directed their export material domestically. This has both lowered commodity revenue and tighten the criteria for acceptance.

In addition to the “national sword” impact, the Queensland Government Container Refund Scheme (CRS) is commencing on 1 November 2018. In the long term this could pose a negative risk to the recycling service, in that the CRS is likely to reduce the number of valuable containers such as aluminium and PET bottles from the MRF commodities. The State Government has given assurances that they will monitor any change and impact on Councils.

8.3 Transfer Stations

Waste Services provides facilities across the region for residents and business to dispose of waste, and conduct recycling not achieved in kerbside collections. Currently Paget Waste Management Centre (Paget WMC) is the main disposal facility for the region, from which waste is transported to the landfill at Hogan’s Pocket landfill.

There are a further ten smaller waste transfer stations in the regional areas. These are for exclusive use of residents, and services on site vary according to size of facility. Waste is placed in large hook bins (30 cubic metres or 15 cubic metres) which are then serviced regularly.

Generally, waste from the transfer stations is conveyed to Paget WMC, with some loads direct hauled to Hogan’s Pocket landfill. The provision of these bins for transfer stations is currently contracted to Suez Recycling & Recovery Pty Ltd for a four-year term from April 2016. This contract consolidates multiple contracts and agreements into a single regional contract. The efficiencies from this consolidation into a single contract has helped council to achieve a lower cost for the provision of this service.

There are a further two green waste only facilities. Green waste is processed on site and ownership transferred to the contractor.

In 2014/2015 Council introduced dump vouchers for the use of region's residents. Three vouchers are issued to each residential ratepayer per issued rate notice and in total a resident will receive six vouchers per annum. Vouchers are accepted for the disposal of general or green waste and the number used is dependent on the waste type and vehicle used for the transaction. Council introduced this system for community lifestyle improvement purposes and for cyclone preparedness to encourage residents to maintain their properties and remove waste away from these locations.

In terms of management of transfer stations, opportunities exist to optimise the management of transfer stations. These opportunities include:

- Increase capabilities in waste received through use of B-Double haulage from Paget WMC to Hogan's Pocket once the Bowen Basin Service Link (Walkerston Bypass) has been completed
- Renewal of facilities to improve waste and recycling management.
- Service level review of facility use to establish efficient and effective service delivery.

A number of challenges and risks will be managed into the future. These include:

- Paget WMC is a unique facility presenting vulnerability should a catastrophic event occur at the pit (e.g. fire or cyclone damage).
- Improvement to asset management ensuring longevity of facility.
- Provision of sufficient facilities in consideration of growth in either residential development or commercial activities.

8.4 Landfill Management

Waste Services is responsible for management of the operational landfill at Hogan's Pocket and 17 closed landfills. Council is responsible for ensuring adherence to general environmental duty.

Hogan's Pocket is the regional landfill and currently receives approximately 80,000 tonnes of waste per annum. Management of the facility is conducted through contract. Waste Services ensures compliance in both contractual operations and environmental monitoring.

Opportunities exist to optimise use of the landfill asset. These opportunities include:

- Diversion of Construction & Demolition waste from landfill through recycling. Approximately 2% of waste currently received is from this stream. However, in times of economic expansion the stream represents approximately 25% of all waste received.
- Capture of landfill gas for use in power generation.)
- Improve commercial interface for direct haul loads to Hogan's Pocket (online booking).
- Investigate the potential of utilising a different haulage configuration and assess the return of investment for any change.
- Improved environmental monitoring capabilities such as remote telemetry, leachate management and adherence to Site Based Management Plans.
- Continued improved coordination with other infrastructure service providers to ensure optimum environmental protection to the community.

A number of challenges and risks will be managed into the future. These include:

- The lack of maturity of the asset management system limits the data availability to make asset investment decisions. Implementation of improved asset management and maintenance management systems is critical to good asset investment decisions into the future.
- There is a risk that when growth occurs out of sequence with the planning scheme, additional investment in waste infrastructure will be required bringing forward capital investment. A coordinated approach to the development approval process is critical to ensure the best overall outcomes are achieved for the community.
- Change in State or National policy including legislation.

Of the key challenges, is a developing change in State policy. The State Government has made a series announcement in relation to waste. This has been primarily driven in response to the interstate transportation of waste, the Chinese “national sword” policy and the pending review of the State’s waste management strategy. Consequently, the State Government has announced the reintroduction of a levy on all wastes sent to landfill.

The objective of the waste levy is to increase the cost of landfilling to a level that is makes the financial investment and treatment of alternative waste processes economic. However, a waste levy will increase costs for Council to manage the community’s wastes.

The key policy announcement of the waste levy has resulted in uncertainty as there is currently no information on the following:

- Timing of the introduction of the levy
- Price of the levy
- Future price path for the levy.
- The waste streams the levy will be applied to
- State vs council involvement and liability for the levy
- How will the funds raised by the levy will be used

The last point is very important as it may provide an opportunity for Council to seek alternative funding sources for any future capital investment required to reduce waste to landfill.

8.5 Support Service Arrangements

8.5.1. Business Services

The major service provider for Waste Services is the Business Services Program of the Engineering and Commercial Infrastructure Directorate. The following Services are provided by the Business Services Program.

- manage the finance & planning processes and support budgetary control
- provide management accounting services
- monitor governance and regulatory requirements and compliance with same
- manage the administrative support services
- coordinate business improvement initiatives
- coordinate the workplace health & safety initiatives
- coordinate systems support

- trade waste management services
- plumbing approval services

Opportunities, challenges and risks exist to optimise the provision of services by the Business Services team. These include:

- Changed business processes and customer engagement processes resulting from the changed metering approach in the organisation. Waste Services leveraged the work being undertaken on Automatic Water Meter reading project and applying that onto the leachate telemetry project for Hogan's Pocket landfill.

8.5.2. Mackay Regional Council Services

In accordance with the Mackay Regional Council Corporate Overheads Model, Waste Services obtains services from providers internal to Mackay Regional Council. These services are:

- Corporate Communications
- Customer Service
- Governance
- Human Resources
- Information Services, including GIS
- Records Management
- Plant and Procurement
- Financial Services
- Asset Management
- Enterprise Risk
- Property Services
- Economic Development
- Engineering Development Assessment
- Local Laws
- Strategic Planning

8.5.3. Shared Services Centre

Mackay Regional Council ("MRC") and Propel Partnerships ("Propel") have come together to create a 50/50 Partnership for the provision of a range of Council Services through the Shared Services Centre.

- Manage the administrative support services
- Customer Service
- Payroll and recruitment
- Information Services, including GIS
- Records Management
- Accounts payable/ accounts receivable.

9.0 Asset Management Framework

9.1 Councils Corporate Asset Management Framework:

The MRC asset management policy aims to ensure the effective and efficient management of the community's assets for present and future generations and reinforce the importance of asset management. The policy recognises that infrastructure assets are of critical importance to the Mackay region and are fundamental to Council's overall

service delivery. The approaches to asset management as set out in the policy are summarised below:

- Council's assets will be managed using a life cycle approach and in accordance with recognised best practice asset management techniques. The life cycle approach will give consideration to finance requirements, service levels, future maintenance, operating and renewal costs.
- Asset management practices will give consideration to safety, access, quality, impact on the environment, meeting community needs and Council's ability to fund those works.
- A continuous improvement approach will be adopted. Where relevant technology advances and innovative solutions will be applied.
- Use of resources will be maximised to achieve the best outcome for the community. Under-utilised and non-essential infrastructure will not be replaced at the end of their useful lives.
- Documented Asset Management Plans for all major classes of assets shall be used to determine the priorities for expenditure and provide confidence in the decision making process.

Waste Services responsibilities in delivering on these outcomes are to:

- Develop and implement improvement plans for individual asset groups.
- Deliver levels of service to agreed risk and cost standards.
- Manage infrastructure assets in consideration of long term sustainability.

The Corporate Asset Management Policy has not yet been updated to incorporate a move towards delivering asset management practices in line with ISO 55000. Waste Services is proceeding on the basis that this is the likely MRC direction. (

9.2 Waste Services Asset Management Framework

Currently Waste Services does not have an overarching asset management plan, however through its contracts, the waste management strategic plan, site based management plans, project or asset specific analysis and other corporate documents such as the Long Term Financial Forecast, and it manages assets through these mechanisms. Waste Services has identified that an asset management framework needs to be developed initially to enable the development of asset management plan for the business. This provides an opportunity to ensure that the Waste Services asset management plan to be aligned with Council's Asset Management Framework.

Waste Services utilises the following mechanisms for the management of its assets:

9.2.1. Contracts

Waste Services has a series of service contracts that require the contractor to operate and maintain assets for the relevant contract. The contractor is required to provide an asset management plan for the relevant contract. The following contracts contain asset management provisions:

- Landfill and Haulage Services
- Transfer Station Management and Operations (Paget Waste Management Centre)
- Materials Recovery Facility (processes kerbside collected recyclables)
- Resource Recovery Facility (drop off and tip shop)

9.2.2. Waste Management Strategic Plan

In 2014 Council adopted its Waste Management Strategic Plan 2014 - 2018. This key document outlines the strategic direction for waste management for the region. The plan also outlines the actions to enable council to achieve strategic outcomes contained within the plan. The plan outlines key asset management initiatives within the scope of the plan.

The Council Waste Management Strategic Plan will be reviewed once the Queensland Government has completed its review into waste management in Queensland. This will provide significant targets on diversion of waste from landfill for the various waste streams. Council's review will consider the targets set by the state and the changing market due to global commodity markets and the value placed by the proposed State Government's waste levy.

9.2.3. Site Based Management Plans

To ensure that high risk facilities operate and are managed appropriately, Site Based Management Plans (SBMP) have been developed. The two key sites are the Hogan's Pocket landfill and the Paget Waste Management Centre. Both sites have regulatory obligations and SBMPs have been developed for both to ensure that they operate with safety, environment and quality risks considered and addressed.

9.2.4. Project or Asset Specific Analysis and Plans

Waste Services undertakes analysis for a variety of projects and assets. These contribute towards the overall asset management for the business. Key examples of these include:

- Hogan's Pocket landfill 20-year forecast
- Hogan's Pocket Landfill Leachate Management Strategy
- Hogan's Pocket Landfill Borrow Pit Management Plan
- Landfill Gas and Power Generation Economic Analysis
- Landfill Airspace Financial Analysis
- Operational and closed landfill environmental risk analysis and profiling
- Post Closure and Care Plans for former landfills
- B-double investigation including analysis of the Paget Waste Management Centre growth constraints

9.2.5. Long Term Financial Forecast

As part of Council's cohesive financial management system, Waste Services plans and provides its annual forecasting for capital projects over a 20-year timeframe. The

forecasting includes new projects, asset renewal or asset upgrading for growth. More rigour is being applied with the forecast.

With the inclusion of Waste Services within governance of the Water and Waste Advisory Board, analysing capital projects and the Council direction of moving towards a project management framework (that will include analysis, project options and business cases), the forecasting of projects will have less risk in terms of contingency. Also, this process is enabling scrutiny of timing of projects and the consideration of alternative delivery to ensure that nominated projects and future assets are provided when they are required.

As part of this process, Business Services with Waste Services is developing a full cost model for the Waste Services business. This model will assist decision makers in considering projects and be provided with a variety of scenarios so they are informed of any implications.

9.3 Criteria for Asset Management Decision Making

Waste Services has adopted a risk based approach to the delivery of service outcomes. The risk based decision making criteria have been mapped to the corporate risk framework. Risks and opportunities are assessed under the criteria of:

- Provide Workplace Health and Safety
- Protect Public Health
- Protect the Environment
- Deliver the Customer Service Standards
- Deliver Services at the Lowest Whole of Life Cost
- Deliver Coordinated Services for Council

The level of risk that Council is willing to accept is best represented in the Enterprise Risk Management Framework. There has been work completed in understanding council's strategic risks and the framework updated.

9.4 Service Performance

A key factor that will be in the asset decision making process is performance against the proposed Customer Charter. In addition to the commitments made to the customers through the Customer Charter, Waste Services measures the quality of the services against internal targets. A summary of these standards and the service level performance in 2017/2018 is detailed in Table 11. Waste Services continues to review the levels of services provided to ensure delivery in accordance with the corporate objectives, respond to changes in demand and meet changing legislative requirements.

Table 11: Service Performance

Category	Service Standard	Measure	Indicator	Comments
Waste Service	Waste Collection Service	Once a week	●	
	Recyclable Collection Services	Once a fortnight	●	
	Bins not collected on scheduled service day	< 0.1%	●	
	Provision of new bins for a new standard service request	3 business days	●	
	Repair or replacement of bin upon customer request	Next collection day	●	
	Perform waste minimisation education sessions at the MRF and out in schools and the community each year	50 p/a	●	
	Organise a minimum of 10 MRC registered sites for 2017 Great Northern Clean Up	10	●	
	Waste Disposal facilities open on published days and operating times	100% compliance	●	

- Full compliance in all areas
- General compliance with some exceptions
- Significant non-conformances against standards

9.5 Scope of Existing Assets

Waste Services manages a significant portfolio of waste assets, with a replacement value of \$88.79 million, and a carrying value of \$55.77 million as at 30 June 2017.

These assets are broadly categorised as follows in Table 12.

Table 12: Extent of Existing Assets

Asset Category		Qty	Unit
Landfill	Active	1	No
	Inactive (legacy)	12	No
Disposal Facilities	Waste Management Centre	1	No
	Transfer Stations	10	No
	Green Waste Only Facility	2	No
Recyclate Receivals	Material Recovery Facility	1	No
	Resource Recovery Facility	1	No

9.6 Asset Investment Profile

The asset investment profile to maintain the service standards and deliver against the corporate requirements is detailed in Figure 4. The asset investment profile has been developed in accordance with the criteria for asset decision making.

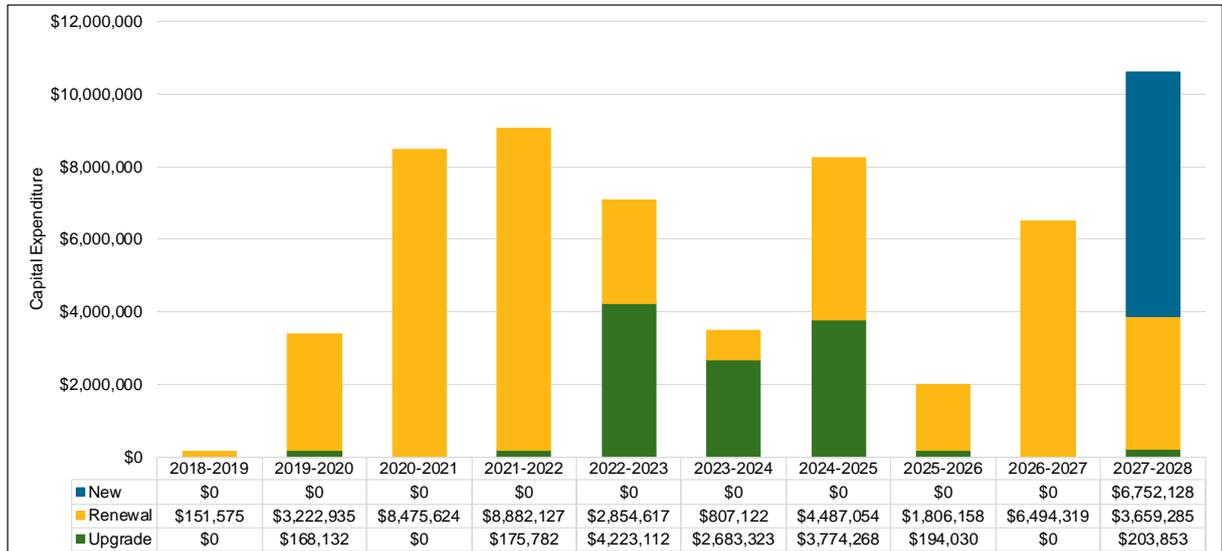


Figure 4: Ten Year Capital Investment Program – Waste

10.0 Human Resources

10.1 General

At \$1.39 million staffing costs account for 6.6% of the total costs for the Waste Services business. The projected number of staff for Waste Services for 2018/19 and its costs together with the comparative figures for 2017/18 are analysed in Table 13.

Table 13: Staffing Analysis by Programme

Category	2018/19 Budget		2017/18 F'cast
	Count	Cost ('000)	Cost ('000)
Waste Services	12.45	1,223	1,253
Director's Office	0.70	102	105
Business Services	0.60	60	61
Total	13.75	1,385	1,419

The costs attributed to Director's Office and Business Services represent the common services of the Directorate consumed by the Waste Services business.

10.2 Skill Base

The impact of growth in the Mackay Region on the available skills has been significant. Despite attracting skills from other regions, states, overseas and a recent easing of the resources sector, there remains a shortage of skilled staff. Further to the ability to attract skills there are a number of driving forces that are impacting on the current and future skill set requirements within Waste Services. These include:

- The maturing business processes within Waste Services;
- The changing Queensland and Australian Waste Management Industry;
- The rate of change of technology and its application in the Waste Industry.

A forward human resources management plan that integrates the business strategies with the skill requirements is important moving forward.

11.0 Financial Management

11.1 Pricing & Revenue

The existing charges for Waste Services within MRC for 2017/18 and the proposed charges for 2018/19 are detailed in Table 14.

In addition to the primary services, Waste Services also offer a range of other services for both residential and commercial customers on a fee for service basis. These fees are detailed in Mackay Regional Council's adopted Fees and Charges Schedule.

The budgeted revenue resulting from the set charges are detailed in Table 15.

11.2 Operating Performance

The budgeted total excess of revenue over operating expenditure for the financial year is approximately \$5.61 million, resulting from total budgeted operating revenue of \$26.72 million and operating expenditure of \$21.11 million.

Of the budgeted operating excess for 2018/19, around 79% will be diverted back to the MRC as dividends and return on capital, while the balance will predominantly be used to fund capital investments.

The summary Operating Financial Budget for 2018/19 in comparison to the forecast Operating Financial Performance for 2017/18 (based on May 2018 YTD figures) and the Operating Financial Budget for 2017/18 for the Waste Services business appear in Table 16

Table 14: Pricing

Rate Category	Unit	13/14 Act	14/15 Act	15/16 Act	16/17 Act	17/18 Act	18/19 Prop	% Inc.	19/20	20/21	21/22	22/23
Refuse Service Charge	/waste bin	\$254.25	\$256.80	\$256.80	\$256.80	\$263.20	\$268.46	2.0%	\$273.83	\$279.31	\$286.29	\$293.45
Waste Facility Mgmt Levy	/assessme	\$163.40	\$165.05	\$146.60	\$146.60	\$150.30	\$153.31	2.0%	\$156.37	\$159.50	\$163.49	\$167.57
Carbon Management impact*		\$18.28	\$18.45	\$0.00 [^]								

* included in the Waste Facility Mgmt Levy

[^] Carbon Management impact no longer applies

Table 15: Budgeted and Projected Revenue (\$,000)

Revenue Category	17/18 Forecast	18/19 Budget	19/20 Budget	20/21 Budget	21/22 Budget	22/23 Budget
Facility Management Charge	7,803	7,983	8,183	8,387	8,681	8,985
Waste Levy	13,242	13,600	13,940	14,288	14,788	15,306
Discounts & remissions	-	1,232	-	1,294	-	1,386
Fees & Charges	5,435	5,720	5,834	5,951	6,100	6,252
Rental Income	-	-	-	-	-	-
Interest earned	255	274	276	277	279	281
Sales - contracts & recoverable works	-	-	-	-	-	-
Other operating revenue	423	375	383	390	400	410
Operating grants, subsidies	0					
TOTAL	25,981	26,720	27,353	27,999	28,909	29,848

Table 16: Operating Performance

(in \$ M)	18/19 Budget	17/18 Forecast	17/18 Budget	(a) % Change	(b) % Change	19/20 Budget	20/21 Budget	21/22 Budget	22/23 Budget
Operating Statement									
Operating Revenue	26.72	25.98	25.67	3%	4%	27.35	28.00	28.91	29.85
Operating Expenses	21.11	19.90	21.13	6%	0%	21.40	21.66	22.01	22.52
Operating Surplus	5.61	6.08	4.54	-8%	24%	5.95	6.34	6.90	7.33
Capital Revenue & Expenses									
Grants & Subsidies	-	-	-	N/A	N/A	-	-	-	-
Contributions	-	-	-	N/A	N/A	-	-	-	-
Donations	-	-	-	N/A	N/A	-	-	-	-
Other Capital Income	-	0.27	-	-100%	N/A	-	-	-	-
Profit / (Loss) on Disposal of assets	-	-	-	N/A	N/A	-	-	-	-
Total Capital Revenue & Expenses	-	0.27	-	-100%	N/A	-	-	-	-
Net Result	5.61	6.36	4.54	-12%	24%	5.95	6.34	6.90	7.33
Tax Equivalents									
Tax Equivalents Payable	1.68	1.36	1.36	24%	24%	1.79	1.90	2.07	2.20
Dividend	2.75	2.98	2.98	-8%	-8%	2.80	2.86	2.93	3.00
Net result after Dividend & Tax Equivalents	1.18	2.02	0.20	-41%	506%	1.37	1.58	1.90	2.13

(a) 18/19 Budget over 17/18 Forecast, (b) 18/19 Budget over 17/18 Budget

11.3 Capital Outlays & Funding

Capital works exceeding \$152,000 is planned for 2018/19.

Table 17: Capital Outlay & Funding

(In \$ M)	18/19 Budget	17/18 Forecast	17/18 Budget	(a) % Change	(b) % Change	19/20 Projected	20/21 Projected	21/22 Projected	22/23 Projected
Capital funding sources									
Working Capital	1.90	4.58	4.18	-59%	-55%	5.24	10.45	7.16	4.45
New loan borrowings	-	-	-	N/A	N/A	-	-	4.00	5.00
Constrained grants and developer contributions	-	-	-	N/A	N/A	-	-	-	-
Other capital revenue	-	0.27	-	-100%	N/A	-	-	-	-
Total capital funding sources	1.90	4.85	4.18	-61%	-55%	5.24	10.45	11.16	9.45
Capital funding applications									
Capital expenditure	0.15	3.22	2.54	-95%	-94%	3.39	8.48	9.06	7.08
Principle loan repayments	1.74	1.64	1.64	7%	6%	1.85	1.97	2.10	2.37
Total capital funding applications	1.90	4.85	4.18	-61%	-55%	5.24	10.45	11.16	9.45

(a) 18/19 Budget over 17/18 Forecast, (b) 18/19 Budget over 17/18 Budget

The long-term capital program envisages a total investment of \$59.01 million for Waste over the next 10 years as detailed in Table 18.

Table 18: 10 Yr. Capital Investment Programme

Year	\$ M	Year	\$ M
2018/19	0.15	2023/24	3.49
2019/20	3.39	2024/25	8.26
2020/21	8.48	2025/26	2.00
2021/22	9.06	2026/27	6.49
2022/23	7.08	2027/28	10.62

* Note 2019/20 to 2027/28 are in future dollars

11.4 Loans

The Loan balances for the end of 2016/17 through 2018/19 appear in Table 19 below.

Table 19: Loan Balances

(In \$ Mn.)	Loans
Balance as at 30/6/17 (Actual)	19.16
Balance as at 30/6/18 (Forecast)	17.53
Balance as at 30/6/19 (Budget)	15.78

11.5 Community Service Obligations

The services provided by Waste Services, for which a Community Service Obligations (CSO) credit is provided by MRC for various waste services to not-for-profit Community Organisations.

Council will be charged on actual avoidable costs incurred by Waste Services, where applicable.

CSO credit forecast for the 2017/18 financial year and budgeted for 2018/19 appears in Table 20

Table 20: CSO Credits (\$000's)

2017/18 Forecast	2018/19 Budget
45.79	46.70

12.0 Reporting

12.1 Council (Internal) Reporting

Waste Services will routinely report to Council on the performance of the business unit. This will take a variety of forms including:

- Monthly Review
- Monthly Capital Briefing
- Operational Plan Report
- Annual Report
- Ad hoc Council reports and briefings

The performance criteria reported to MRC together with its frequency is detailed in Table 21

Table 21: Internal Reporting

Key Performance Indicators	Reporting Frequency		
	Monthly	Quarterly	Annually
Financial			
Financial Performance			✓
Return on Regulated Asset Base			✓
Cash Flow from operating activities			✓
Net Cash Flow			✓
Financial Position			✓
Balance Sheet			✓
Income Statement			✓
Management Report on Financial Position	✓		
Return on Regulated Asset Base	✓		
Non-Financial Indicators			
Performance against Operational Plan		✓	
Safety Performance	✓		
Performance against Environmental Licences	✓		
Performance against Customer Service Standards	✓		
Infrastructure Delivery Performance and Progress	✓		
Planning Activity Performance and Progress	✓		

12.2 External Reporting Requirements

In addition to the reporting to Mackay Regional Council, Waste Services report to various State and Federal agencies in accordance with legislative requirements. Such key reporting requirements are identified in Table 22

Table 22: External Reporting

Report	To	Frequency
Queensland Waste Data System (QWDS)	DES	Monthly
Annual State of Waste and Recycling in Queensland Survey	DES	Annually
Waste Management Development Annual Return	DES	Annually
National Greenhouse and Energy Reporting Scheme (NGERS)	CER	Annually, if required
Annual Performance Plan in accordance with Local Government Regulation 2012	Adopted by Council	Annually
Local Government Comparative Report	DILGP	Annually
Environmental Incident Reporting associated with Waste Management Development Permits	DES	As required