

ITEM NO:	17.1 Confidential
MEETING TYPE	Ordinary Council
MEETING DATE:	23 November 2017
SUBJECT:	Bay Recycling – CDL offer of Business and Infrastructure
FILE NUMBER	F17/135 - Manager, District Services
RECORD NUMBER:	R17/15304
AUTHOR:	Robyn Nottle
ATTACHMENT (S):	Nil

LINKS TO STRATEGIC MANAGEMENT PLAN 2016-2026

KEY RESULT AREA:	3. Environment and Planning
STRATEGY:	3.2. Improve service levels and environmental responsibility of waste management practices.
ACTION:	3.2.4 Continue and establish the Streaky Bay Transfer Station and Resource Recovery Centre.

BACKGROUND:

Council have been approached by Julian Kelsh – Manager, Bay Recycling with an offer for purchase of all plant and equipment and business arrangements. This offer has arisen since the purchasers of the land and infrastructure indicated they would not and were not interested in continuing to use the site for recycling purposes.

The settlement of the property will occur on the 1 December 2017 and from this date Streaky Bay residents will no longer be able to dispose of CDL and glass for refund in Streaky Bay.

The table below show the breakdown of the offer.

CAN, PETE, LPB, HDPE			
<i>Description</i>	<i>QTY</i>	<i>Purchase Price</i>	<i>Sale Price (GST excl)</i>
Sorting tables - bins frames	2	\$ 4,000.00	\$ 3,000.00
Cages with wheels and boards	9	\$ 20,000.00	\$ 15,000.00
Bale Cradles	11		Inc
Subtotal			\$ 18,000.00
GLASS HANDLING			
<i>Description</i>	<i>QTY</i>	<i>Purchase Price</i>	<i>Sale Price (GST excl)</i>
Sorting Hopper Bins	8	\$ 10,000.00	\$ 8,000.00
Glass Crusher	1	\$ 5,000.00	\$ 4,000.00
Cullet Bins New galv floors	17	\$ 20,000.00	\$ 13,600.00
Crates, mesh table, JIB	30		Inc
Subtotal			\$ 25,600.00

ADMIN AND PROCESSING			
Description	QTY	Purchase Price	Sale Price (GST excl)
Cash Register	1		\$ 1,000.00
Scales	1		\$ 500.00
Subtotal			\$ 1,500.00
BUSINESS			
See Report for description	1		15000
PLANT			
Description	QTY	Purchase Price	Sale Price (GST excl)
Forklift	1		\$ 25,000.00
Clamp	1		\$ 5,000.00
Subtotal			\$ 30,000.00
All Site Signage			Inc
TOTAL COST (GST Exclusive)			\$ 103,700.00

BUSINESS (description)

- Selling as an ongoing concern which allows the transfer of existing agreements. Preliminary documents to support business concern have been received. Contact has been made by the Recyclers of South Australia Inc.

Bay Recycling have provided a copy of the Profit and Loss for the 2016/2017 financial year. This indicates a Gross Turnover of \$211,000 and Gross Profit after purchase of Goods (cans, Bottles etc) \$95,000.

A summary of current operating expenses at the Streaky Bay Resource Recovery and Transfer Station for the past 3 years is tabled below.

Environment	2016/2017	2015/2016	2014/2015
Transfer Stations			
Transfer Stations-Streaky Bay			
Transfer Stations-Streaky Bay-Wages - Ordinary	\$440.28	\$319.33	\$25.59
Transfer Stations-Streaky Bay-Labour Overheads Allocated - Wages	\$374.24	\$271.43	\$21.75
Transfer Stations-Streaky Bay-Contractors	\$50,265.52	\$45,374.40	\$33,516.70
Transfer Stations-Streaky Bay-Plant & Equipment Hire	\$397.00	\$0.00	
Transfer Stations-Streaky Bay-Materials	\$7,291.75	\$5,000.00	\$1,229.00
Transfer Stations-Streaky Bay-Electricity	\$245.68	\$51.04	
Transfer Stations-Streaky Bay-Water and Sewerage	\$667.44		
Transfer Stations-Streaky Bay-Other Expenditure	\$1,449.81	\$1,335.18	\$37.00
Transfer Stations-Streaky Bay	\$61,131.72	\$52,351.38	\$34,830.04
Transfer Stations-Streaky Bay-costs of transfer			
Transfer Stations-Streaky Bay-costs of transfer - Contractors	\$25,800.00	\$0.00	\$34,404.20
Transfer Stations-Streaky Bay-costs of transfer	\$25,800.00	\$0.00	\$34,404.20
Transfer Stations	\$86,931.72	\$52,351.38	\$69,234.24

A summary with current and estimated operating expense with CDL and glass is depicted below.

Environment	estimated operating
Transfer Stations	
Transfer Stations-Streaky Bay	
Transfer Stations-Streaky Bay-Wages - Ordinary	0
Transfer Stations-Streaky Bay-Labour Overheads Allocated - Wages	0
Transfer Stations-Streaky Bay-Contractors**	60000
Transfer Stations-Streaky Bay-Plant & Equipment Hire	0
Transfer Stations-Streaky Bay-Materials	10000
Transfer Stations-Streaky Bay-Electricity	2000
Transfer Stations-Streaky Bay-Water and Sewerage	1000
Transfer Stations - Streaky Bay - Depreciation	2900
Transfer Stations-Streaky Bay-Other Expenditure	1500
Transfer Stations-Streaky Bay	\$ 77,400.00
Transfer Stations-Streaky Bay-costs of transfer to Cungena	
Transfer Stations-Streaky Bay-costs of transfer - Contractors	\$25,800.00
Transfer Stations-Streaky Bay-costs of transfer	\$25,800.00
Transfer Stations	\$103,200.00

*Note: Figures are indicative, Contract variations are still to be negotiated with current agreement holders.

In summary, by agreeing to offer Council have the ability to source a reliable income that will supplement rate and grants commission revenue which currently supports the provision of the service being the Streaky Bay Resource Recovery and Transfer Station.

OPTIONS:

1. Council agree to:
 - a. purchase the plant, equipment and business from Bay Recycling for \$103,700.00;and
 - b. agree to the Chief Executive Officer entering agreements with recycling bodies to enable Council to set up this new business undertaking and report outcomes to the Waste Management Committee.
2. Council decline the offer

Perceived - Mayor
Cr Wheaton took the chair at 3.55pm

Cr Stephens/Cr Wheaton

That Council resolve:

1. Pursuant to Section 90(2) of the Local Government Act, 1999, the Council orders that all persons with the exception of MJ Hentschke (Chief Executive Officer), RC Nottle (Manager, District Services), K Clark (Corporate Service Manager), PJ Williams (Manager, Community and Economic Development), and JA Childs (Executive Assistants & Governance Officer/Minute Taker) to be excluded from attendance at the meeting for agenda item 17.1, relating to "Offer of Business and Infrastructure".
2. The Council is satisfied pursuant to Sections 90 (3)9a)(b) of the Act, the information to be received, discussed or considered in relation to this agenda item is related to "commercial information of a confidential nature (not being a trade secret) the disclosure of which:
 - a. Could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and
 - b. Would, on balance, be contrary to the public interest.
3. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances.

Recommendation

That Council, having considered Report No 17.1, Bay Recycling – CDL offer of Business and Infrastructure 23 November 2017, agree to:

- a. purchase the plant, equipment and business from Bay Recycling for \$103,700.00;and
- b. the Chief Executive Officer entering agreements with recycling bodies to enable Council to set up this new business undertaking and report outcomes to the Waste Management Committee.

Recommendation

That having considered the agenda item 17.1 relating to "Offer of Business and Infrastructure" in confidence under Section 90(2) and (3)(a)(b) of the Local Government Act, pursuant to Section 91(7) of the Act orders that the minutes, reports considered and discussed in relation to agenda item 17.1 be retained in confidence and not be available for public inspection until negotiations have concluded.