

## 24. RECOVERED MATERIALS FOUNDATION FUNDING

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The purpose of this report is to seek approval to a one-off payment of \$50,000 to the Recovered Materials Foundation.

### BACKGROUND

As a result of the recent review of Solid Waste activities by the Budget Scrutiny and Audit Committee a new contract is being negotiated between the Council and the Recovered Materials Foundation (RMF). This will come into affect on 1 July 2003 and is at the stage of detail finalisation before signing. The contract will result in large cost savings to the Council (ie City Water and Waste Unit) by reduced ongoing RMF funding (down from approximately \$0.85M/year to around \$0.10M/year net operational).

Councillors are aware that the kerbside collection of recyclables was considerably increased in late 2001 to include mixed paper and number two plastics. This has resulted in the need for certain recyclables to be commingled by Onyx in their collection vehicle and then separated by the RMF at Parkhouse Road.

The RMF have recently introduced a sorting plant which for various reasons has cost more than they anticipated/budgeted. As a result they have requested financial assistance of \$50,000 to complete the plant (installation of a metals sorter etc). From 1 July 2003 when the Council's funding to the RMF radically reduces, the RMF budget is very much 'breakeven' on an ongoing basis. On the basis of the considerably reduced Council funding and to facilitate finalising the CCC/RMF contract it is recommended that the Council make this one-off \$50,000 payment to the RMF.

### SOURCE OF FINANCE

The City Water and Waste Unit is predicting a substantial net underspend of several hundred thousand dollars on its 2003/04 budget. It is proposed that the \$50,000 payment be financed from this underspend. This matter has been discussed with the Director of Finance, Bob Lineham, who agrees with this strategy.

(Note: This report is also being considered by both the Sustainable Transport and Utilities Committee and Strategy and Resources Committee.)

### Staff

**Recommendation:** That the City Water and Waste Unit pay the Recovered Materials Foundation \$50,000 as an extra item to assist in financing their materials sorting plant and that the source of finance be from the City Water and Waste Unit 2002/03 budget under spend.

### Chairman's

**Recommendation:** That the above recommendation be adopted.