

## ITEM NUMBER: 17.1

### CONFIDENTIAL

## INFORMATION REPORT – SOUTHERN REGION WASTE RESOURCE AUTHORITY – 1 AUGUST 2016

*Pursuant to Section 83 (5) of the Local Government Act 1999 the Report attached to this agenda and the accompanying documentation is delivered to the Council Members upon the basis that the Council consider the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that Council will receive, discuss or consider:*

- d. commercial information of a confidential nature (not being a trade secret) the disclosure of which –
  - (i) could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and
  - (ii) would, on balance, be contrary to the public interest.

CONFIDENTIAL

Item No: **17.1**

Subject: **INFORMATION REPORT – SOUTHERN REGION WASTE RESOURCE AUTHORITY – 1 AUGUST 2016**

Date: 23 August 2016

Written By: General Manager Business Services

General Manager: Business Services, Mr I Walker

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#### **SUMMARY**

Southern Region Waste Resource Authority (SRWRA) is a regional subsidiary established by the Cities of Onkaparinga, Marion and Holdfast Bay (the “constituent councils”), pursuant to Section 43 of the Local Government Act, 1999.

Under its charter, SRWRA is responsible for providing and operating waste management services on behalf of the constituent councils and ensuring that a long term waste management strategy exists in the southern region of Adelaide.

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#### **RECOMMENDATION**

That the information report of the Southern Region Waste Resource Authority for its meeting held 1 August 2016 be received and noted.

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#### **COMMUNITY PLAN**

#### **COMMUNITY PLAN**

A Place that Provides Value for Money

#### **COUNCIL POLICY**

Not applicable.

#### **STATUTORY PROVISIONS**

Local Government Act 1999

**BACKGROUND**

Pursuant to its charter all agendas, reports and minutes remain confidential, unless the Board resolves that the document is to be available to the public. Presented for the information of Elected Members is the information which the SRWRA Board has released from its meetings held on 2 February 2015.

*Refer Attachment 1*

**BUDGET**

Not applicable.

**LIFE CYCLE COSTS**

Not applicable.

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# Attachment 1

**SUMMARY REPORT**  
**SRWRA BOARD MEETING**

**1<sup>st</sup> August 2016**

**August Agenda**

The August SRWRA Board meeting was held at the SRWRA offices on Monday 1<sup>st</sup> August 2016.

**Executive Officer Overview**

The following abbreviated information reports were received and endorsed by the SRWRA Board

**\*The Board determined that this abbreviated report where noted will be subject of a confidential report to Constituent Councils.**

**Policy Updates**

The SRWRA Board were presented with updates to the Records Management Policy, Stakeholder Engagement Policy and Board Member Complaint Handling Policy. All Policies were adopted.

**Southern Recycling Centre \*Confidential Report**

The development of the SRC operation is progressing well. Works to the back end extension have progressed, with foundation and concrete works being completed in the coming weeks. The additional steel is on order and at this stage is still within the 12-week window for fabrication and delivery to site.

Machinery including material handler and shredder have been secured and are awaiting delivery to site. The trommel is currently on-site and will be commissioned in line with the construction of the extended area.

As part of the business development of the SRC, the SRC has secured a new customer through SUEZ Australia & New Zealand (formerly SITA). The SUEZ group operate as one of the largest International resource recovery, recycling and waste management group of companies.

The deal which commences on 1st August 2016 will see SUEZ dispose of approximately 10,000 tonnes of waste through the SRC operation.

**SRWRA New Business \*Confidential Report**

As part of the ongoing development of the Authority's business, the Executive Officer has secured an additional 10,000 tonnes of waste from SA Waste based at Lonsdale SA. This work commenced in late July and should see an additional revenue increase of \$360,000 per annum excluding EPA levy and GST.

**EPA Levy Increase**

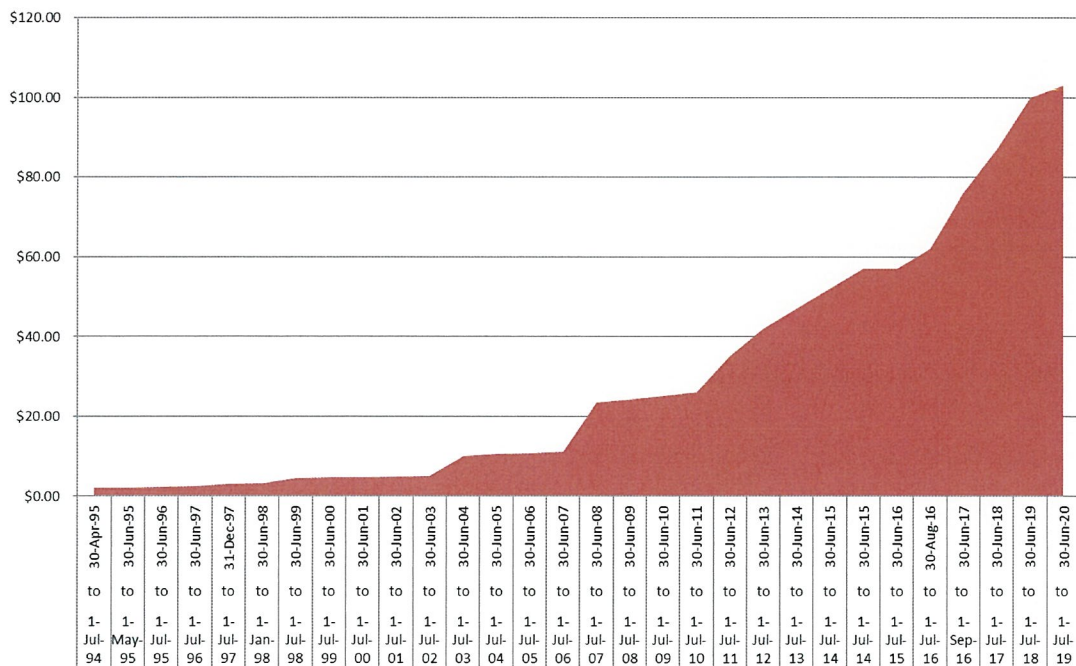
The State Government has announced increases in the solid waste levy as part of its 2016 budget package. The announcement was accompanied by a smaller package of associated funding programs.

The proposed increases are:

- from \$57 per tonne to \$62 per tonne from 1 July 2016 (budgeted), and
- then to \$76 per tonne from 1 September 2016 (un-budgeted)
- to \$87 from 1 July 2017
- to \$100 from 1 July 2018
- to \$103 per tonne from 1 July 2019

By 2019/20, households and businesses will be paying over \$100 million dollars in waste levies per year.

The graph below shows the rise in EPA levy since 1994 to date.



The Executive Officer has been involved in a number of discussions with bodies such as the Waste Management Association of Australia (WMAA) and the Australian Landfill Owners Association (ALOA), including meeting with other local government subsidiaries to discuss the options and opportunities created by the levy increases.

The Executive Officer is now the South Australian Chair representing the SA branch of ALOA which will give more access to issues and information directly affecting landfills and associated areas.

The main consensus from each group and the various stakeholder parties resolve that:

- two increases in the waste levy within the 2016/17 financial year is unexpected, unfair and untenable.
- it is unacceptable to announce such a large waste levy increase so late in the year as it will create an unbudgeted shortfall in 2016/17 for waste sector.
- That the timing of the announcement denies Councils and the waste sector opportunities to consider and prepare for the impact of the proposed changes.
- insufficient information has been provided to satisfy the sector that the proposed increases in the levy will result in better recycling, rather than increasing illegal activity aimed at levy avoidance.

### **Requested changes**

As a starting point to address these concerns, various requests have been made to the Minister:

1. **Timing:** that the second waste levy increase, from \$62 per tonne (metropolitan) to \$76 per tonne (metropolitan) be deferred to 1 July 2017.
2. **Consultation:** That the timing and quantum of subsequent increases be subject to consultation with Councils and the waste/recycling sector
3. **Funding package:** That the nature and design of funding packages be developed jointly by the State Government and the waste sector, including Councils.

It is important to note that the EPA increases do not have any direct financial effect on the Authority as we simply act as a collection agent for the treasury. The benefit from any levy increases do have the potential to yield a potential operating profit to the SRC operations. The EO will present any industry feedback as it unfolds over the next 5 weeks.

### **SRWRA Project 5      \*Confidential Report**

The EO is pleased to report that initial works have commenced in relation to the Cell 5 project. This project, known as "Project 5", is a key plank of the transformation of the SRWRA landfill operations site from a traditional landfill site, to a multiple purpose waste management facility, optimising the value of the operations to its constituents and enabling the adoption of the ever evolving practices associated with waste management and resource recovery.

Project 5 relates to the development of part of the SRWRA Landfill operations site that is known as Cell 5. Cell 5 is the former landfill cell located to the south west of the gate house, running roughly in a NE to SW direction.

Cell 5 is an unlined, inert waste landfill. Filling of this Cell with waste has not occurred for some time, and it has an interim cap of unconfirmed thickness and composition, although it is thought to consist of crushed rock materials sources from on site, and possibly over 1 m in thickness in places.



Cell 5 is a relatively flat area, with the NE end used for short term storage of materials, with the SE end used to stockpile on-site sourced soil and rock for future use on site, e.g. daily cover, lining or capping.

The SE edge of Cell 5 adjoins parts of Cells 4, 3-4 and 3-2, which are general waste cells with current and future filling, with requirements for lining systems between these cells and Cell 5. Cell 5 has unutilised airspace (estimated in 2014 by Tonkin Consulting to be 264,000 m<sup>3</sup>). This airspace has not been included in the SRWRA long term financial plan. Tonkin Consulting also estimated that the area requiring capping for Cell 5 is 6.94 ha. A provision of \$4.0M (present value) has been made for the capping of Cell 5, assuming a traditional soil cap.

Cell 5 is adjacent the new Southern Recycling Centre (SRC) facility, which is currently being constructed. The SRC is expected to be operational later this year, and will increase the diversion of waste to landfill, including organics. In the first instance, the processing these recovered organics into a reusable composted material will be conducted at IWS's licensed waste management facility at Wingfield. The intention is to build a facility at the SRWRA site to process the organics, and the area on top of Cell 5 is seen as a potential location.

SRWRA has assigned a budget to conduct some master planning and early works for Project 5 to achieve the following outcomes:

1. Develop a vision for Project 5 that fits in with the strategy for the site.
2. Develop a master plan for Project 5 that sets out the future uses of this area in line with the evolving uses of the site.
3. Build a project team that can advise, assess, design and obtain approvals for the master plan, conducted in stages.
4. Project management of the project to achieve the desired outcomes of Project 5 within set timelines and budgets.

The initial aims of the project planning are to have the high level master plan, with preliminary project stages and budget estimates by the end of 2016, with the aim of:

- Commencing initial works in early 2017
- Incorporating cost estimates into the 2017/18 budgeting process

### **Solar pre-feasibility**

In February this year the Authority engaged The Solar Project (TSP) to conduct a pre-feasibility study for the business case surrounding the integration of an operational solar photovoltaic ("PV") power generation facility (a "Solar Farm") at its SRWRA operation. The Board conducted an information session at the May Board meeting where a draft report was presented for discussion and comment by the Board. Focus of the study has concentrated on the use of the Buffer Zone to the West of the site, and the available network connection points. The updated report and attachments presented at the August meeting summarise the options, business case and methodology that the Authority needs to consider as part of its Constituent Council recommendations.

The attached report highlighted the findings and recommendations showing the relative feasibility of the potential project. At the request of the Board, the Executive Officer is in discussions with



each Constituent Council to ascertain the reach and consensus in terms of funding and feasibility of a larger scale project.

As per the recommendations in the report, the Executive Officer has recommended a smaller pilot project of up to 100kW (roof-top) to be implemented on the Southern Recycling Centre (SRC) recycling facility. This will give maximum return on investment, relative to the solar farm, due to the operational consumption of the site.

The SRWRA Board has adopted this recommendation and the Executive Officer is to prepare and model the project in preparation for Tender. The project should be modelled, optimised, specified and then taken to market.

Final costs for the project will be presented to the Board as any additional capex will have to be approved at BR1 as a variation to budget.

## **SRWRA AGM**

The Annual General Meeting must be held prior to November at a place and time determined by a resolution of the Board in accordance with Charter Clause 2.6.1. SRWRA has already determined that a Board meeting will be held on Monday 19th September 2016 and the AGM will be held prior to the September Board meeting.