

ITEM NUMBER: 14.3

CONFIDENTIAL

ATTACHMENT 1

SOUTHERN REGION WASTE RESOURCE AUTHORITY – INFORMATION REPORT

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:

- b. Information the disclosure of which 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 would, on balance, be contrary to the public interest.

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SUMMARY REPORT
SRWRA BOARD MEETING

7th November 2016

November Agenda

The November SRWRA Board meeting was held at the SRWRA offices on Monday 7th November 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.**

SRWRA BR2 Report (As attached) *Confidential Report

Southern Recycling Centre *Confidential Report

The SRC facility is in the final stages of completion and sign-off from the South Australian Country Fire Service (CFS). This has been arranged for the 17th November. On completion of this certification the SRC will commence testing and arrangement of the equipment used in the waste treatment process.

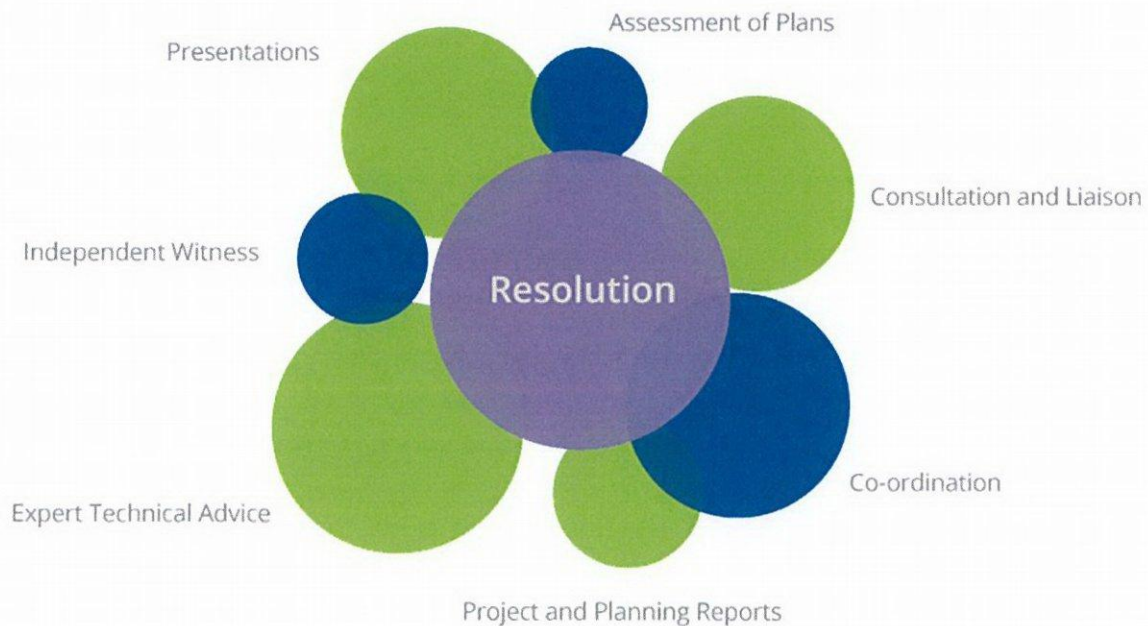
Once the equipment is fully operational, the volumes and throughput of the facility will increase over time, meaning that a small volume of the projected waste may still be diverted to landfill in the early stages. This will purely be an operational contingency and will show as a positive in terms of the Authority's projected income.

The opening date has been set for Thursday 1st December at 10.30am.

SRWRA Master Plan

The Executive Officer has engaged in collaborative discussions with a number of organisations with a view to preparing a scope to orchestrate an interactive Master Planning document to assist the Board in future commercial and environmental decisions based on the operations of the Authority.

The intention is to build a comprehensive interactive document that will focus on the key strategic areas surrounding any potential developments. It is envisaged that the document/tool will allow the Executive team to provide more comprehensive information and background when producing reports to the Board.



The document will capture a number of the elements. At this stage the Executive Officer is hoping that the existing budget for Site Planning/Future Development will be able to incorporate the development of the Master Plan. Any future variations will be presented and discussed with the Board if required, noting that the development of Project 5 will also have an impact on this budget.

SRWRA Project 5 ***Confidential Report**

Project 5 Development (Bio-Pad Grant Funding)

The Executive Officer is pleased to report that the Authority has applied for funding through Green Industries as part of the \$2.07 million in funding, offered through Zero Waste SA (Green Industries) to support the construction of a Bio-Pad, key to project 5. "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.

Sustainability, Environment and Conservation are the key components fundamental to Minister Ian Hunter's recent announcements referring to grant funding for industry to better tackle waste recycling and reprocessing. The \$2.07 million in funding, offered

through Zero Waste SA, aims to boost infrastructure investment in metropolitan and regional areas of South Australia. The grants are for new and existing facilities in metropolitan Adelaide that recover materials for reprocessing or significantly reduce the amount of waste going to landfill. With extra funding, sorting facilities for commercial and domestic waste will be able to boost their efficiency and effectiveness by installing state-of-the-art sorting technology or measures to increase the volume and range of material reprocessed. Priority is being given to projects which will help recover materials banned, or expected to be banned from landfill such as electronic waste, whitegoods and fluorescent lighting.

During the past eight years Zero Waste SA's funding of \$6.5 million for metropolitan infrastructure projects have stimulated industry investment of about \$24 million.

Applicants can request funding of \$50,000 to a maximum of \$300,000 per project. Previous initiatives funded have supported major developments, upgrades and investment in state-of-the-art sorting technology, projects have included:

- Northern Adelaide Waste Management Authority - \$300,000 for establishment of a Regional Waste Transfer station at Elizabeth West.
- Plastic Granulating Services - \$300,000 for improving packaging plastic film recycling.
- Solo Resource Recovery - \$300,000 for the redevelopment of the Adelaide Waste and Recycling Centre.
- Transpacific Industries - \$300,000 to upgrade increase recycling through the construction of a material recovery facility.
- Integrated Waste Services (SRC/SRWRA) - \$300,000 for a fully integrated undercover facility for the receipt and sorting of hard refuse for commercial and industrial material.
- L F Jeffries - \$300,000 for an x-ray sorting system for removing glass, stones, metal, plastics and ceramics from organic material before processing into compost.

Solar project update *Confidential Report

The Authority recently commissioned The Solar Project (TSP) to design a tender scope and financial model for a 100kW Solar Array to be built on the rooftop of the SRC recycling facility. The tender documents will be complete in the coming weeks and it is hoped that the assessment process should be complete by the December Board meeting.

The Authority is currently testing the financial information before presenting an electronic report to the Board seeking potential endorsement to commit up to \$170k to the project. The current project tender scope has factored in utilising high quality materials and products in terms of market expectations of materials from such a broad market space.

EPA Waste Reform & SRWRA

South Australia has established itself as one of the world's best recyclers with good policy and industry innovation and has an opportunity to lead the world in waste management and resource recovery.

The waste management and resource recovery sector is a billion-dollar industry that employs around 5,000 South Australians. While activity in the sector has steadily increased over the past 10 years, incentivised through government policy, including Zero Waste SA programs with complementary regulation administered by the (EPA), there is still scope to grow this important industry.

The state government wants to unlock future potential and drive innovation in the sector with targeted and effective changes to regulations; this includes engagement with the industry which was initiated at the Waste Summit in March 2015 and consultation on the discussion paper in September this year. Reforming waste management – creating certainty for an industry to grow, has identified a suite of potential reforms to promote industry certainty and achieve robust regulation that better support a more level playing field and a healthy environment.

The South Australian Government is seeking to help realise the economic potential from innovation in waste and resource recovery technologies, while at the same time protecting our environment. It is committed to providing the right setting to attract investment, drive innovation and create jobs, which the Authority has and will continue to benefit from. This is being achieved through new initiatives such as the establishment of Green Industries SA and pursuing a regulatory regime that underpins the confident and fair operation of this sector.

The state government has prepared for comment an explanatory report of the draft Waste Reform Bill to provide the necessary underpinning for the EPA to be able to better tackle illegal dumping and achieve a suite of waste reforms that will provide the right setting to attract investment, drive innovation and create jobs.

It is important to note that illegal dumping refers not just to waste materials being dumped at the side of the road, but more so, materials being stockpiled on waste management facilities with no intended use as highlighted in the points below.

The discussion paper “Reforming Waste Management – creating certainty for an industry to grow”, released for consultation in late 2015 recognised the key drivers influencing

waste management and identified a broad mix of mechanisms that could be used to support sound regulation. The scope is to support fair and equitable competition, stability, growth and innovation in the sector by addressing key issues and opportunities faced.

Policy options for addressing the following issues were considered:

- static or growing stockpiles
- waste promoted as 'product' and issues around ensuring environmental risks are reliably tested
- potentially re-useable 'fill materials' ending up at landfill due to development pressures
- the need to deal with certain problematic wastes
- illegal dumping.

Solid Waste Levy and Waste Reform

As the Council's will be aware, the Solid Waste Levy is payable by the licence-holder of a waste depot for all waste received that is to be disposed at that depot. The levy is an economic instrument designed to discourage landfilling in favour of waste reduction and resource recovery. The levy has increased over time and the 2016-17 State Government Budget has announced a staged increase of the levy to \$103 per tonne by 2019-20.

As an economic instrument, the levy encourages the diversion of waste from landfill and is effective at driving resource recovery when the revenue is reinvested in infrastructure, technologies and resource recovery systems.

In multiple studies the evidence appears to confirm that for any levy to be effective it needs to be sufficiently high to make alternatives to landfill disposal commercially viable. Increasing the levy rate supports industry in reaching the point where investment in some new and innovative resource recovery treatments is financially competitive with landfill disposal.

The Australian Council of Recycling commissioned levy study (Deloitte Access Economics, 2015) found that, at the \$100 levy rate in South Australia, C&I and sophisticated C&D resource recovery is very competitive with landfill and recovery technology becomes competitive with landfill to support municipal solid waste diversion. However, the study also found that the \$100 levy rate will not be high enough to enable energy-from-waste to be competitive with landfill.

The South Australian EPA is undertaking a significant waste reform process. This waste reform is considering mass balance reporting and upfront levy liabilities. These reforms may require infrastructure (e.g. weighbridges, electronic tagging and tracking) to be installed at waste and resource recovery facilities.

A Progressive Authority

The past few years have been an exciting time of achievement and realignment for the Authority in line with its five-year Strategic Plan developed over 2015, complimented by the direction of the SRWRA Board throughout the year to ensure the most effective use of resources and to ensure the Authority's post closure liabilities continue to meet the obligations set out by its Constituent Councils and Charter.

Recycle and Re-use have been a particular focus over the past few years in terms of recovered products, with the Authority's modus operandi *"To operate commercially in the best interests of our Constituent Councils through the application of innovative resource recovery approaches in managing the landfill, all products and materials as valuable and finite resources"*. In 2015 alone the Authority diverted over 19,000 tonnes of recovered product from its Landfill operation. In conjunction with the recycling and recovery processes being developed at the SRWRA operations, the Authority has been able to re-use over 150,000 tonnes of recovered aggregates during the construction of the newly developed Southern Recycling Centre (SRC).

This methodology and conceptual thinking keeps the Authority ahead of the curve in relation to any future demands placed on the industry through potential EPA reform by having a site-based use for the waste products recovered on site.

The Authority's development of Cell 5 (Project 5) will continue the momentum of utilising waste resource products in the construction and design process of sustainable waste treatment. The SRWRA operation will continue to regenerate its waste streams for use in its cell development and capping processes. This principle will support the Authority in self-generating to capture value by converting materials derived from waste (through further processing) into a useful and saleable by-product, and establishes how this practice benefits both best environmental practice and is aligned to the ethos of the EPA reforms.

The SRC development enables the Authority to continue to provide sustainable waste management solutions for the life of the Landfill and beyond. SRWRA's dedicated team and strong Board are integral to the momentum of efficiencies and continuous improvements across the administration and operations of the SRWRA Landfill and Recycling Operations, which has been supported by strategic investment into resource recovery and development of improved recycling infrastructure.

Engaging with the Constituent Councils and Governing bodies is central to the achievement of the Authority's strategic objectives in meeting the targets set out in the waste reform bill. The strategic direction implemented by the Authority's Executive team reflects the goals and aspirations of the Authority. Leadership, accountability, efficiency, transparency and working with the Constituent Councils and its stakeholders are the key principles underpinning our systems and governance. Regular reporting on

our progress provides vital information that guides strategies and policies for the future, while ensuring further progress on our targets.

As seen with the recent Environmental Levy increases in South Australia the changes can have a dramatic impact on any business and organisation that is not geared for diversion from landfill.

The Executive Officer is confident that the current investments, developments and initiatives currently being undertaken at the Authority will continue to play a vital role in promoting SRWRA as an Authority that is well placed to lead the way forward in modern waste management now, and for future generations, noting that the Authority is meeting and exceeding many of the targets set out in the current draft of the waste reform bill.