

Our Ref: 6109; 4900

19th August, 1998

TO ALL COUNCILLORS

Dear Councillor,

Re: SPECIAL COUNCIL MEETING – 25th AUGUST 1998

This is to advise that, as per the Council decision of the 17th March 1998, a Special Meeting of Council will be held on **Tuesday, 25th August 1998**, commencing at 7:30pm in the Council Chambers (Dinner at 6:30pm).

The purpose of the meeting is to consider the options discussed at a Workshop with regard to the future of the Henderson Landfill Site.

Also at that meeting, Mayor Grljusich has requested that the options also discussed at the Workshop with regard to the Waste Minimisation Programme be considered.

Councillors will be advised when the Agenda is available for them to phone in and receive.

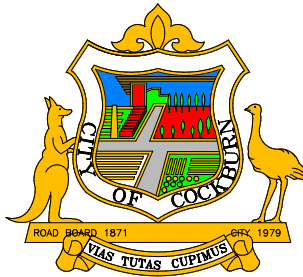
Please advise my secretary if you are unable to attend.

Yours faithfully,

ROD BROWN
CHIEF EXECUTIVE OFFICER

RWB:SE

CITY OF COCKBURN



SPECIAL COUNCIL

AGENDA PAPER

**FOR
TUESDAY 25 AUGUST 1998**

CITY OF COCKBURN**SUMMARY OF AGENDA TO BE PRESENTED TO THE SPECIAL COUNCIL
MEETING TO BE HELD ON TUESDAY, 25 AUGUST 1998 AT 7:30 P.M.**

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CITY OF COCKBURN

AGENDA TO BE PRESENTED TO THE SPECIAL COUNCIL MEETING TO BE HELD ON TUESDAY, 25 AUGUST 1998 AT 7:30P.M.

1. APPOINTMENT OF PRESIDING MEMBER [IF REQUIRED]

2. PUBLIC ADDRESS SESSION

3. APOLOGIES & LEAVE OF ABSENCE

- Clr M. Pecotic - Leave of Absence
- Clr B. Wheatley - Apology

4. PURPOSE OF MEETING

The purpose of the meeting is:

- 1) To consider the options discussed at a Workshop with regard to the future of the Henderson Landfill Site, as per Council's decision of the 17th March '98; and
- 2) To consider the options also discussed at the Workshop, with regard to the Waste Minimisation Programme.

5. **(SCM25/8/98) - FUTURE OPTIONS FOR THE HENDERSON LANDFILL SITE (4900) (BKG)**

RECOMMENDATION

That the Council determines that its objective with regard to the Henderson landfill site is:

- (1) To sell 40% of the Henderson Landfill Site business
 - (a) with Council staff continuing to manage and operate the site; or
 - (b) with the purchaser managing and operating the site.
- (2) That the land not be included in any sale of the business.
- (3) To appoint consultants to prepare a business plan based on (1) and (2) above.

COUNCIL DECISION

That Council:

Background

At the Council Meeting held on the 17th March 1998, it was resolved that Council defer the matter of the operation of Henderson Waste Disposal Site and consider the proposals at a workshop followed by a Special Council Meeting after the adoption of Council's Financial Strategic Plan.

A workshop on Waste Minimisation and the Henderson Landfill Site was held on the 4th June 1998.

At the workshop, a brief overview was given by Bevis Greay and the Commercial Services Adviser then addressed the meeting. The notes from that meeting were as circulated in the Councillors' Information Newsletter dated 26th June 1998.

- Closing down the site was not an option.
- Selling the site outright was not recommended because of the loss of control.
- Ownership of the land was important as it is seen as one of the best ways of maintaining control.
- Part sale of business or businesses would give an immediate return on asset and allow ongoing financial return.
- Proposals should be discussed with the Southern Metropolitan Regional Council.
- There should be discussion with Cockburn Cement with a view to expanding the site in the future.

- Are companies interested in building, managing and operating integrated transfer station, recycling plant, processing plant and disposal areas at Henderson?
- Options should be presented to a meeting of Council.

Peter Sampson prepared a report on Henderson Landfill Site which was presented to the C.E.O. His report emphasises the site is not being run to its full commercial potential.

Submission

N/A

Report

This report presents a method of valuing the existing site. The valuation is based on the amount of cash flow the business can generate. The anticipated increase in volume in 2001 is based on the City of Canning's Ranford Road site and the Gosnells Kelvin Road site closing in that year.

1. Valuation based on future potential

(a) Prediction of waste volumes at Henderson

	Current	Increase in 2001	Total
Commercial	40,000	107,000	147,000 tonnes
Domestic	20,000	(2,000)	18,000 tonnes
Trailers	20,000	15,000	35,000 tonnes
	80,000	120,000	200,000 tonnes

- (b) Estimated operating cost = \$20.00 per tonne
- (c) Gate fee = \$35.00 per tonne (excluding state tax)
- (d) Nett cash return per tonne = \$35-\$20 = \$15.00
- (e) Annual cash return = \$15 x 200,000 tonnes = \$3.0 million
- (f) Capacity of site = 2 million tonnes
Life of site = 2 million tonnes ÷ by 200,000 = 10 years
- (g) \$3.0 million cash flow less say 20% return = \$2.4 million
ie. \$2.4 million to service loan

- (h) \$2.4 million can service a loan of \$15,000,000 at 9% for 10 years
- (i) This is a method of valuing the site. This method values the site in the region of \$15 million. This does not include the land component which will remain in Council's ownership.
- (j) A value has not been placed on the builders' rubble/inert waste disposal business

2. Advantages of Part Sale

The part sale of the site may have the following advantages:

- (a) A lump sum capital return is obtained now
- (b) Part sale still allows for continued income return
- (c) Depending on purchaser volumes for disposal may be guaranteed or increased.
- (d) Part sale allows Council to maintain control
- (e) A partner could offer greater commercial and business expertise.

3. Disadvantages of Part Sale

The part sale may have the following disadvantages:

- (a) Future profit from income stream is shared.
- (b) Is it possible to get the same return from capital received from sale?
- (c) Control of the site will not be absolute.
- (d) May restrict the ability to provide discount to ratepayers for waste disposal charges.

4. Discussion

At the workshop, a number of options were discussed:

- (a) Closing down the site - this is not considered a viable option because (1) it is a valuable asset; and (2) a landfill site is required to deposit ratepayers' waste.

- (b) Selling the site - this is not considered an option as control of the site would be lost.
- (c) Forming a joint venture - form a company with a major waste management company to manage and operate the site. This option is recommended to be pursued.
- (d) Partnership - bring in a partner such as the Regional Council. This option is recommended to be pursued.
- (e) Have a limited venture - private companies run components of the site. This option can be pursued if the part sale or partnership proposals do not proceed.
- (f) Continue to run the site - this option is an alternative to the recommendation of part sale of the site.

Preliminary discussions by Peter Sampson, indicated there was one major waste management company interested in purchasing part or all of the site. He also held discussions with the Regional Council and they indicated they were very interested in purchasing.

5. Procedure

If the Council agrees to a part sale, the following is required:

- (1) A Business Plan has to be prepared as this is a major trading undertaking (Section 3.59 of the Local Govt. Act).
- (2) Then Council would be required to endorse the Business Plan.
- (3) The Business Plan has to be advertised for six (6) weeks with copies available for public inspection and inviting submissions.
- (4) Council considers any submissions on the Business Plan and then decides whether or not to proceed with the undertaking.

It is recommended then, that:

- (1) A consultant be employed to prepare contract documentation.
- (2) The tender documentation will be provided to Council for endorsement.

- (3) Tenders will be called.
- (4) Council will consider and make a decision on the tenders submitted.

Strategic Plan/Policy Implications

4.2.5 Ensure that the Henderson Landfill is managed in accordance with EPA licence conditions.

1.1.2 To maximise the City's revenue sources.

Budget/Financial Implications

The Henderson Landfill Site is a major asset. The return from this asset should be reviewed on a regular basis.

6. (SCM25/8/98) - WASTE MINIMISATION PROGRAM (6109) (BKG)

RECOMMENDATION
That Council resolve:

- (1) to reaffirm its decision to divert a minimum of 50% of its waste going to landfill by the year 2000.
- (2) to reaffirm its decision to support the Southern Metropolitan Council's Waste Management Strategy including the Regional Resource Recovery Centre.
- (3) that the Business Plan from the Southern Metropolitan Regional Council for the establishment of a Regional Resource Recovery Centre incorporating a materials sorting facility, a greenwaste composting plant and an in-vessel food stuff composting plant at the Canning Vale site be considered at the October SPC meeting.
- (4) to advise the South West Metropolitan Regional Council of its decision on the business plan by 20 October 1998.

COUNCIL DECISION
That Council:

Background

At the Council meeting held on the 17th March 1998, it was resolved that:

- (1) a future workshop be conducted on waste management and take into account, all issues raised at this meeting; and
- (2) Council inform the Southern Metropolitan Regional Council that at present, Council is not prepared to attend the study group tour of America as it will be conducting a workshop relating to waste management in the future and as soon as a decision is made, Council will advise them accordingly.

A workshop was held on the 4th June 1998. There were 9 Councillors in attendance and the notes of the workshop were included in the Councillors' Newsletter dated 26th June 1998.

The issues raised at this workshop were:

1. This Council should meet government policy of diverting at least 50% of its waste going to landfill by the year 2000.
2. Waste minimisation is necessary to prolong the life of the landfill site.
3. Is it possible for Cockburn Council to have its own recycling plant at Henderson?
4. Inspection of operating plants such as the Atlas Facility and Cleanaway's MRF should be undertaken.
5. Staff and Councillors be encouraged to inspect facilities if they are interstate or overseas.
6. As many options of methods of recycling should be investigated as possible.
7. A Special Meeting of Council should be held to consider these options.

Submission

N/A

Report

At the workshop on waste minimisation held on the 26th June 1998, it was requested that a report be prepared on a range of recycling options. There are around 40 different recycling collection systems in operation in Australia.

Ten systems have been selected for analysis in this report.

Importantly, the number of collection systems is not matched by large numbers of options for processing or reusing the recyclables.

Before an organisation commits itself to an expensive and customised collection system, it should understand what material is currently going into the 240 litre bins and what they want to happen to this material.

Composition of Domestic Rubbish

In Cockburn, the composition of the domestic waste stream ie. the material currently leaving a house via 240 litre bin, is approximately:

25%	dry recyclables:	paper, cardboard, plastic bottles, aluminium cans
25%	green waste:	tree and grass clippings
30%	food waste	meat, vegetables, fruit etc.
20%	non-recyclables	ceramics, batteries, some plastics

Re-use of Domestic Rubbish

(a) Dry Recyclable

In Australia, the total effort until very recently has been on collecting and reusing the dry recyclable component. Paper, plastic bottles, aluminium cans, tin cans are collected separately and reused.

Most systems in Australia have evolved to facilitate this process. There are combinations of 55 litres, 120 litres, 240 litres, divided and undivided, mobile bins, crates and bag systems in place. All have resulted from preferences of consultants, contractors, Councillors or Council officers' recommendations.

(b) Green or Garden Waste

Many local governments are now recognising that the greenwaste component coming from a household should also not be going to landfill. So they now have started verge collections and some have introduced separate 240 litre bins to collect garden waste. This has resulted in large quantities of mulch being created. There have been high contamination rates in the 240 litre bins supplied to receive clean green waste making the product unuseable.

(c) Food Wastes

There are only 2 Councils that are using, or are committed to using, systems to reuse the food waste. One is Stirling Council in WA. The Atlas Company has installed a system to turn the foodstuffs into compost. The other is Port Stephens Council in NSW, which is installing an in-vessel composting plant (Bedminster type) to process foodstuffs and biosolids.

This background is presented to allow an understanding of why the following factors have been used to allow a comparison to be made between the systems.

The factors are:

- (1) the effectiveness of diversion of the waste from landfill. (The primary aim of recycling is not to send all material to the rubbish tip but to reuse it).
- (2) user-friendliness and convenience of the system to the user. (The public will use the system if it is convenient and easy. The participation rate is a measure of this factor).
- (3) Cost of the system.

Comparisons of Systems

Brendan Doherty from the Regional Council was employed to research the various options operating in Australia.

He used the system components and customised them to Cockburn ie. waste composition, volumes and population. This allows a direct comparison to be made between the systems.

The systems analysed were:

	Weekly Rubbish Collection	Weekly Kerbside Recycling	Kerbside Fortnightly Recycling	Greenwaste Collections	Bulk Kerbside per year
Melville	240 L MGB		240L	2 per annum	2
Cockburn	240L MGB		2 bags	4 per annum	2
Stirling	240L MGB	1 bag weekly	1 bag	1 per annum	1
Rockingham	240L	2 bags		8 per annum	1
Marion SA.	240L 30% divided MGB	70% divided		240L MGB fortnightly	2
Canberra	120L MGB		240L 50/50 divided		
Willoughby NSW	140L MGB	1 crate		240L MGB fortnightly	4
Cambridge WA	120L MGB	3 crates		240L MGB fortnightly	2
Sutherland NSW	120L MGB	1 crate		240L MGB	1

He then compiled a table showing:

- (1) cost per annum for each household;
- (2) % diversion of rubbish from landfill;
- (3) user rating based on subjective assessment on participation rate and convenience;
- (4) a score based on $\frac{\% \text{ waste diverted} \times \text{user rating}}{\text{cost per household/annum}}$

	Cost per annum \$	Diversion %	Cost per Annum \$/hh/%	User Rating	Score
Marion SA	132	49	2.67	67	253
Willoughby NSW	151	48	2.50	67	216
Sutherland NSW	129	52	3.12	53	211
Cambridge WA	136	52	2.62	48	185
Stirling	161	74	2.17	38	174
Melville	120	36	3.57	57	171
Canberra	121	34	3.33	51	144
Rockingham	127	31	4.11	50	122
Cockburn	107	22	4.93	35	71

From these comparisons, it is confirmed that Cockburn's current system does not rate highly compared to other systems. The community survey also reflected this. The cost is proportionately lower than other systems.

Cockburn's system is a low cost system with a low diversion rate.

Discussion

Only 3 systems achieved the objective of 50% or greater diversion of waste from landfill. They are:

Sutherland NSW	provides 120 litre bin per week for rubbish collection
Cambridge WA	provides 120 litre bin per week for rubbish collection
Stirling WA	provides 240 litre bin per week for rubbish Collection
Willoughby in NSW and Marion in South Australia are close to the target.	
Willoughby NSW	provides 120 litre bin per week for rubbish Collection
Marion SA	provides a 240 litre divided bin of which only 30% is available for collecting rubbish.

The reduction from a 240 litre bin to a smaller bin for collection of foodstuffs, is not acceptable to the community.

Stirling achieves the target as it takes its foodstuffs to an anaerobic digester in Balcatta. This is a privately owned plant run by Atlas.

Recommendation:

The way to achieve greater than 50% reduction in waste going to landfill, is to implement a system that:

- (1) separates the dry recyclables such as paper, aluminium cans and allows them to be reused
- (2) collects the greenwaste and allows it to be mulched and composted.
- (3) collects the foodstuffs and small greenwaste including grass clippings and allows it to be turned into compost.

This will achieve up to 80% of the waste currently going into rubbish bins to be reused.

A project to provide all of these facilities is estimated to cost up to \$30.0 million.

It is not practical for Cockburn to undertake a project of this size on its own.

It is recommended that Cockburn joins with Melville, Fremantle and Canning Councils as part of the Southern Metropolitan Regional Council to develop a major Resource Recovery Centre at Canning Vale. This would involve the construction of:

- (1) Materials sorting facility to sort out the dry recyclables.
- (2) A composting plant to form compost from greenwaste.
- (3) An in-vessel composting plant to form compost from foodstuffs and lawn clippings.

Strategic Plan/Policy Implications

4.0 Conserving and Improving your Environment.

4.2.3 Have an environmentally sound management strategy of Council controlled waste stream.

4.2.4 Achieve a reduction in the volume of waste being disposed of to landfill.

Budget/Financial Implications

To purchase for all residents, a second 240 litre bin and transport and process all waste at Canning Vale, it is estimated there would be an increase in the rubbish rate of approximately \$50. A Management Accountant has been employed to confirm current charges.

The comparison table shows that to achieve higher diversion it costs more.

APPENDIX

A more detailed report of the comparisons of the options is available. Either hard copy or electronic version can be provided to Councillors by ringing the Director - Engineering.

7. CLOSING