



**THIS CONFIDENTIAL REPORT WAS DECLASSIFIED BY
COUNCIL RESOLUTION ON 23 SEPTEMBER 2021**



CONFIDENTIAL REPORT

LATE ITEM

10.1 TENDER FOR THE RECEIPT AND DISPOSAL OF WASTE

REFERENCE: COMMITTEES-11834

PURPOSE OF REPORT

The purpose of the report is to seek Council's authority for the Chief Executive Officer to submit a tender for the receipt and disposal of waste from the Southern Metropolitan Regional Council (SMRC).

KEY ISSUES AND RECOMMENDATION(S)

- In 2008/2009, 2009/2010 and in the first half of 2010/2011 there has been a reduction in the tonnages being received for disposal at the Red Hill Waste Management Facility that is impacting the EMRC's income stream.
- Advice has been received that Transpacific Cleanaway, the EMRC's largest commercial customer has been offered extremely competitive waste disposal charges from landfills that "compete" with Red Hill.
- The City of Stirling is progressing its withdrawal from the Mindarie Regional Council and its officers have indicated the City wishes to secure a long term arrangement for the disposal of its waste by either negotiating with a local government entity or by public tender.
- The Southern Metropolitan Regional Council has issued two public tenders for the Removal and Transport of Residual Waste and another for the Receiving and Disposal of Residual Wastes that close at 2:00pm on Tuesday 15th February 2011.
- The Western Metropolitan Regional Council has since 1 July 2010 sent the non member Council waste received at its Brockway Transfer Station to the City of Rockingham's landfill at Millar Road and has provided the required notice advising the Agreement to Dispose of Waste between the EMRC and the WMRC will terminate on 3 December 2011 and it will not be delivering waste to Red Hill after that date.
- In order that the CEO can respond to an opportunity to secure waste tonnages and submit a tender delegated authority is sought from Council.

Recommendation(s)

That:

1. The CEO be authorised to submit a tender for the receipt and disposal of waste in response to the SMRC's call for tenders.
2. The tender disposal prices be based on the table of rates in Attachment 2 within the report.
3. The report and attachments remain confidential and be certified by the Chairman and CEO.

SOURCE OF REPORT

Director Waste Services



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BACKGROUND

In addition to accepting municipal solid waste from member Councils the Red Hill Waste Management Facility also accepts waste from non member local government sources and from private sector waste contractors. The income is used to fund the EMRC's waste operations and other EMRC programmes and activities.

At the meeting held 2 June 1999 Council adopted a methodology for funding a Secondary Waste Reserve whereby a Secondary Waste Fee of \$2.00 per tonne was to be imposed and the fee increased by \$2.00 per tonne each year. The Secondary Waste Fee included in the member Council rate for 2010/2011 is \$22.00 per tonne.

In recent years the volume of waste being delivered to Red Hill has been decreasing and has impacted on the EMRC's ability to retain staff as well as develop and fund innovative programmes.

REPORT

The increase in the State Government's Landfill Levy, payable by metropolitan landfills or by regional landfills receiving metropolitan waste, from \$7.00 per tonne to \$8.00 per tonne in July 2009 and to \$28.00 per tonne in January 2010 resulted in the City of Mandurah, that was depositing its waste at the City of Rockingham's Millar Road Landfill, having its waste delivered to the Transpacific South West Waste / Cleanaway landfill in Dardanup near Bunbury so as to avoid paying the Landfill Levy. As a consequence the City of Rockingham's net revenue reduced by almost \$3,000,000 and in order to recover some of the lost revenue a new discount structure was implemented by the City of Rockingham to attract quantities of waste. One supplier of waste that was attracted was the Western Metropolitan Regional Council (WMRC) that had, to the end of June 2010, delivered non member Council waste received at their Brockway Transfer Station, to Red Hill. For the 2010/2011 financial year some 17,500 tonnes of waste, that was anticipated to be received at Red Hill from the WMRC, will be sent to Rockingham. The WMRC has also advised that, as from 3 December 2011, its member Council waste will no longer be delivered to Red Hill resulting in the loss of income from a further 15,000 tonnes.

There is an opportunity to replace the tonnages no longer being or to be received from the WMRC by securing waste from the SMRC that has, last week, issued two tenders one seeking prices for the Removal and Transport of Residual Wastes to various disposal points and the other for the Receiving and Disposal of Residual Wastes.

In order to respond to the tender for the Receiving and Disposal of Residual Wastes that closes at 2:00pm Tuesday 15 February 2011 the Chief Executive Officer requires delegated authority to submit a tender. At some point in the not too distant future the Chief Executive Officer also requires delegated authority to submit prices to the City of Stirling and to Transpacific Cleanaway as both require the information to complete their budget submissions and charges for 2011/2012.

As there is, as indicated, substantial competition for waste and significant economies of scale that can be realised if large quantities of waste can be guaranteed there is merit in reviewing the pricing and quantity discounts being offered to those disposing of large quantities of waste.

The member Council base price for 2010/2011 is \$40.00 per tonne and initial indicators are that, for 2011/2012, operating costs will be 5% higher than in 2010/2011 such that the revised base fee will need to be in the order of \$42.00 per tonne. It also seems likely that the waste education fee will have to increase by \$0.75 per tonne to \$2.75 per tonne to cover the cost of the programme and make up the loss of the contribution to waste education previously being received from the WMRC. With the Secondary Waste Reserve Contribution increase from \$22.00 per tonne to \$24.00 per tonne the proposed member Council rate would be in the order of \$68.75 per tonne and \$96.75 per tonne once the State Government's Landfill Levy is added. [In comparison the Mandarie Regional Council currently (2010/2011) charges its member Councils \$105.00 per tonne (inclusive of the Landfill Levy)] and, if they too increase the price by 5%, the new charge would be in the order of at least \$109.00 per tonne and, with the loss of the City of Stirling contribution, most likely considerably more.



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In order to attract additional waste it is proposed that the rate for 2011/2012, excluding the Landfill Levy, be set at \$68.44 per tonne being an increase of 5% i.e. \$96.44 inclusive of the Landfill Levy and that a discount structure, similar to that being utilised by the City of Rockingham, be introduced as set out in Attachment 2.

The SMRC tender requires the completion of a Schedule of Rates with the rates being exclusive of the Landfill Levy and GST. The SMRC require the rates to be inclusive of all costs including any Carbon Pollution Reduction Scheme (CPRS) costs but, since there are as yet no details of a CPRS or certainty that a CPRS will be introduced, it is intended to submit prices excluding CPRS costs. Whilst the SMRC's preferred timing is for tender acceptance and contract commencement in March 2011 there is a requirement that tenders be valid for 120 days.

The SMRC contract is for a minimum term of 12 months with extensions up to a contract term of 3 years with provisions for annual CPI adjustments. It is proposed to submit an alternative price adjustment clause of CPI + 2% to allow for the anticipated increase in site labour cost increases likely to be experienced in Perth due to the 'mining boom'.

For 2009/2010, of the 86,124 tonnes of waste received at the SMRC's Waste Composting Facility 38,851 tonnes of residual waste was sent to landfill. For 2008/2009 of the 33,950 tonnes of recyclables delivered to the Materials Recovery Facility (MRF) 10,601 tonnes of residual waste was sent to landfill but the MRF is currently not operating following a fire but is expected to be back 'on line' in November 2011. The SMRC has indicated a preference for beneficial re-use and as such is seeking prices for the disposal of inert materials (Class 1), the disposal of putrescibles waste to landfill and for the 'disposal' of material that can be diverted from landfill. As there is not, at this point in time, an inert cell at Red Hill it is proposed that prices will be submitted for the last two categories with material suitable for windrow composting being taken to the Greenwaste Processing Area where the material from the City of Bayswater's green waste collection is composted.

STRATEGIC/POLICY IMPLICATIONS

The additional tonnages will improve the sustainability of waste disposal operations as there will be optimum utilisation of plant and equipment. The income from additional tonnages will improve the EMRC financial position.

FINANCIAL IMPLICATIONS

If successful the additional tonnages will be incorporated in the 2011/2012 Budget

SUSTAINABILITY IMPLICATIONS

The additional waste will not materially impact on the life of the Site but the additional income will improve the financial sustainability of the EMRC.

MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean	} Nil
City of Bayswater	
City of Belmont	
Shire of Kalamunda	
Shire of Mundaring	
City of Swan	



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CONFIDENTIAL ATTACHMENT(S)

1. Millar Road Disposal Schedule of Rates 2010/2011 (Ref: Committees-11838)
2. SMRC Proposed Pricing and Discount Schedule for 2011/2012 (Ref: Committees-11839)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

That:

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2. The tender disposal prices be as per the table of rates in Attachment 2 within the report.
3. The report and attachments remain confidential and be certified by the Chairman and CEO.

The Director Waste Services joined the meeting at 1:18pm.

The Chief Executive Officer of the EMRC provided an overview of the report and discussion ensued.

CEOAC RECOMMENDATION

MOVED MR JARVIS

SECONDED MR COLE

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CARRIED
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