

TECHNICAL ADVISORY COMMITTEE

MINUTES

11 June 2009

(REF: COMMITTEES-9418)

A meeting of the Technical Advisory Committee was held at the EMRC Administration Office, 1st Floor, 226 Great Eastern Highway, BELMONT WA 6104 on **Thursday, 11 June 2009**. The meeting commenced at **4.00pm**.

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6 PRESENTATIONS

Nil

7 ANNOUNCEMENT OF CONFIDENTIAL MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

Nil

8 BUSINESS NOT DEALT WITH FROM A PREVIOUS MEETING

Nil



9 REPORTS OF OFFICERS

9.1 REVIEW OF TYRE RECOVERY CHARGE

REFERENCE: COMMITTEES-9425

PURPOSE OF REPORT

To report on the effectiveness of the tyre recovery charge imposed by Council at its December 2008 meeting.

KEY ISSUES AND RECOMMENDATION(S)

- The *Environmental Protection Regulations* 1987 prohibits the disposal of tyres to landfill in the Perth Metropolitan Area.
- Effective January 2009 the EMRC implemented a tyre recovery charge for the recovery of tyres by the EMRC staff from the landfill face.
- The introduction of the tyre recovery charge has not had any significant effect on the behaviour of the users.
- The majority of the tyres recovered are passenger car tyres.
- No increase in illegal dumping of tyres on Toodyay Road has been observed.

Recommendation(s)

That the tyre recovery charge for tyres recovered at the Red Hill landfill facility be retained.

SOURCE OF REPORT

Manager Engineering/Waste Management Services

BACKGROUND

At a meeting held 4 December 2008, Council resolved that:

1. *BY AN ABSOLUTE MAJORITY, IN ACCORDANCE WITH SECTION 6.16 OF THE LOCAL GOVERNMENT ACT 1995, THE EMRC IMPOSE A FEE OF \$20.00 PER TYRE (EX. GST) FOR THE RECOVERY OF TYRES BY EMRC STAFF FROM THE LANDFILL FACE.*
2. *WASTE COMPANIES BE REQUIRED TO REMOVE FROM THE RED HILL WASTE MANAGEMENT FACILITY ALL TYRES IN THEIR LOADS.*
3. *LOCAL PUBLIC NOTICE BE GIVEN OF THE ABOVE FEES PROPOSED TO TAKE EFFECT FROM 1 JANUARY 2009.*
4. *THAT A REPORT BE PREPARED FOR COUNCIL AFTER SIX MONTHS TO SHOW HOW THE TYRE RECOVERY PROCESS IS PROGRESSING."*

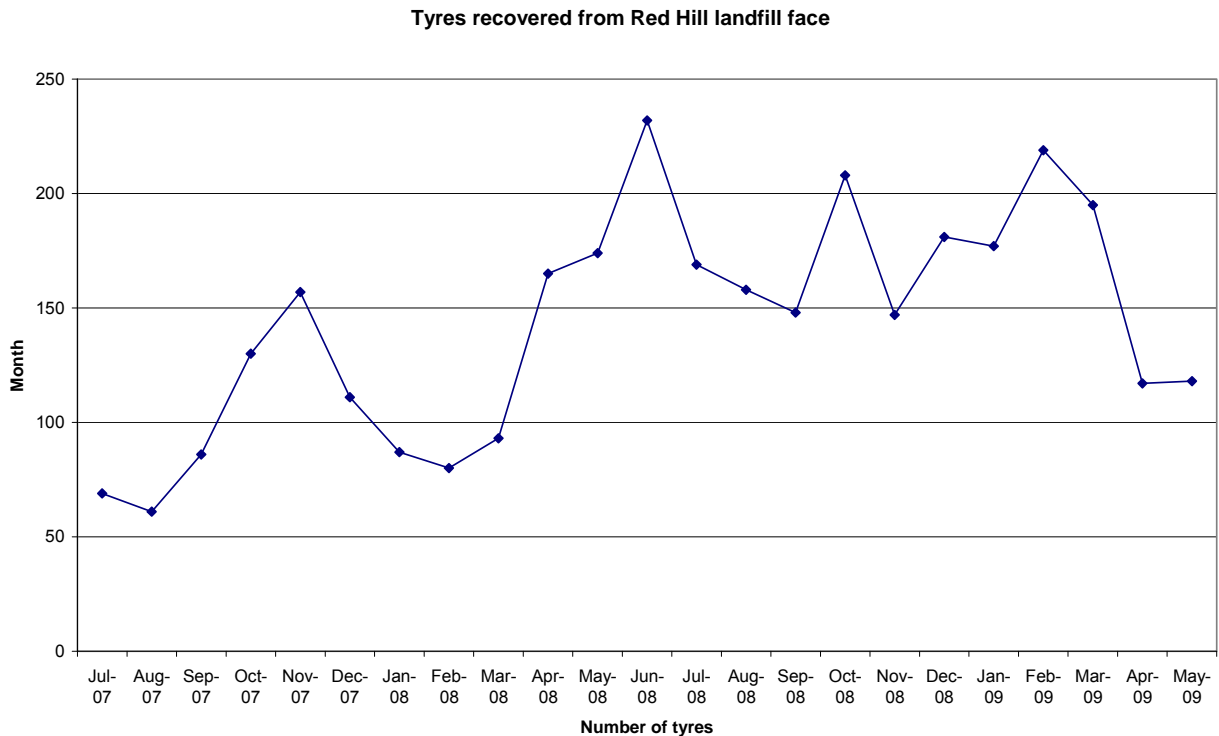
REPORT

Due to the *Environmental Protection Regulations* 1987 that prohibit the disposal of tyres to landfill in the Perth Metropolitan Area, the EMRC manually removes tyres from the landfill face. Due to safety concerns and to compensate for the costs associated with the manual tyre removal, the EMRC introduced a fee of \$20.00 per tyre (ex. GST) for the recovery of tyres by the EMRC staff from the landfill face.



Item 9.1 continued

Records have been kept of the number of tyres removed from the Red Hill landfill each month since July 2007. These are graphed below:



From the graph it can be seen that the number of tyres on the landfill site steadily increased from July 2007 to April 2008. From April 2008 until April 2009, the number of tyres received fluctuated between 150 and 250 tyres per month.

The effect of the introduction of the \$20.00 per tyre (ex. GST) recovery charge in January 2009 is difficult to ascertain, as there have been only two months to date where the number of tyres is below the number before the charge was introduced. However, in the last two months of the graph there appears to be a downward trend stabilising at a smaller number of tyres. Importantly, no increase in illegal dumping of tyres on Toodyay Road has been observed either (though illegal dumping along Toodyay Road does continue at a low level).

The majority of the tyres recovered are passenger car tyres. The very small number of larger tyres recovered does not warrant a fee structure for different tyre sizes at this time. However, tyre recoveries are being closely monitored and different fees for different tyre sizes may be considered in the future.

It is proposed that the tyre recovery charge remain at \$20.00 (ex. GST) per tyre for the duration of the 2009/2010 financial year, unless circumstances change. In that case a report will be tabled before Council for consideration. The level of the recovery charge will be reconsidered in the 2010/2011 fees and charges.

STRATEGIC/POLICY IMPLICATIONS

The implementation of a charge for the recovery of tyres at the Red Hill landfill facility addresses the following objectives of the EMRC's Strategic Plan for the Future:

- 1.1 To provide sustainable waste disposal operations
 - 1.1.2 Minimise the environmental impact of waste management operations
- 1.3 To investigate leading edge waste management practices
 - 1.3.3 Provide leadership in the development of waste policy and practices



Item 9.1 continued

FINANCIAL IMPLICATIONS

Since the introduction of the tyre recovery charge on 1 January 2009, the EMRC has received \$16,520 in income from the charge. This has offset costs incurred by the EMRC in recovering tyres from the landfill face.

SUSTAINABILITY IMPLICATIONS

Recovering tyres from the landfill face is a legal requirement of the EMRC. The *Environmental Protection Regulations 1987* creates a Tyre Exclusion Zone (TEZ), within which the disposal of tyres by burial is prohibited except where written approval is first obtained from the Department of Environment and Conservation. The TEZ covers the Perth Metropolitan Area, and includes the Red Hill Waste Management Facility. The Regulations also prohibit the storage of more than 100 tyres on site at any one time. The EMRC does not have approval to dispose of tyres by burial.

It also has environmental benefits, as tyres in landfills “float” to the surface, thus impacting on the landfill rehabilitation. The Tyre Recovery charge has economic benefits in recovering incurred costs of tyre recovery.

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	

ATTACHMENT(S)

Nil

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

That the tyre recovery charge for tyres recovered at the Red Hill landfill facility be retained.

The Executive Manager Waste Management Services explained the report, and noted that there appeared to be a decrease in the number of tyres going to landfill in the last couple of months.

Mr Lutey commented that the City of Belmont has not noted an increase in the number of tyres being dumped in the area. The members for Kalamunda and Mundaring also confirmed that they had not seen any increase in tyres being illegally disposed of in their shires either.

Mr Pearson noted that the City of Bayswater has recognised an increase in the number of tyres being dumped in the area, but will need more time to monitor this.



9.2 HAZELMERE TIMBER RECYCLING CENTRE OPERATIONAL REVIEW

REFERENCE: COMMITTEES-9447

PURPOSE OF REPORT

To report on the performance of the Hazelmere Timber Recycling Centre and outline measures to set Hazelmere Timber Recycling Centre on course to achieve financial sustainability.

KEY ISSUES AND RECOMMENDATION(S)

- The deficit on the operational budget for Hazelmere Timber Recycling Centre is greater than what was forecast in the original business plan.
- The operations are profitable if savings in landfill airspace are considered.
- Operational changes coupled with close monitoring have been introduced to set a course to financial sustainability.

Recommendation(s)

That Council notes the remedial measures proposed in the report to set the Hazelmere Timber Recycling Centre on course to financial sustainability.

SOURCE OF REPORT

Manager Engineering/Waste Management Services
Executive Manager Waste Management Services

BACKGROUND

At the meeting held 8 December 2005 Council resolved that:

1. *PROVIDING COMMITMENTS ARE OBTAINED FROM COMPANIES TO TAKE AWAY ANY WOOD WASTE COLLECTED, AND A DETAILED BUSINESS PLAN IDENTIFIES THE PROJECT WILL AT LEAST BREAK EVEN, THE EMRC ESTABLISH A PILOT PROGRAMME FOR WASTE COLLECTION, SORTING AND DISTRIBUTION UTILISING THE LAKES ROAD HAZELMERE SITE AS A SHORT TERM ARRANGEMENT.*
2. *A BUSINESS PLAN ON THE PROJECT BE SUBMITTED TO THE NEXT MEETING OF COUNCIL.*
3. *FURTHER INVESTIGATIONS BE UNDERTAKEN INTO RE-USE OPPORTUNITIES.*
4. *FURTHER INVESTIGATIONS BE UNDERTAKEN INTO THE FEASIBILITY OF EXTENDING THE WOOD WASTE COLLECTION PROGRAMME TO OTHER INDUSTRIES AND OTHER AREAS WITHIN THE EASTERN METROPOLITAN REGION.*
5. *\$10,000 BE MADE AVAILABLE FROM THE FUTURE DEVELOPMENT RESERVE TO FUND FURTHER INVESTIGATIONS AND THE SUBMISSION OF APPLICATIONS TO THE CITY OF SWAN FOR PLANNING APPROVAL AND THE DEPARTMENT OF ENVIRONMENT FOR A WASTE DEPOT LICENCE."*

At a meeting held 21 September 2006 Council resolved:

"THAT THE HAZELMERE WOOD WASTE AND MATTRESS RECOVERY OPERATIONS BUSINESS PLAN BE ENDORSED."



Item 9.2 continued

At a meeting held 28 June 2007 Council resolved, amongst other resolutions in relation to a particular tender, that:

“COUNCIL CONFIRMS THAT ITS DECISION OF 21 SEPTEMBER 2006 TO ENDORSE THE HAZELMERE WOODWASTE AND MATTRESS RECOVERY OPERATIONS BUSINESS PLAN WAS MADE WITHOUT PROFIT BEING A CONSIDERATION AND THE SAME DECISION WOULD HAVE BEEN MADE EVEN IF THERE WAS NO PROSPECT OF THE PROJECT BEING PROFITABLE IN THE FUTURE.”

The intent of this resolution was to reinforce Council support for the project, notwithstanding the fact that it might not be profitable the overall business profitability would be improved through landfill airspace savings (as detailed below). The resolution also supported attempts at the time to gain carbon credits from the Hazelmere Timber Recycling Centre (“Hazelmere”), as an activity was only eligible for carbon credits if it would have made a loss without the carbon credits. Carbon credits that might have been available for Hazelmere would no longer exist if the Carbon Pollution Reduction Scheme is passed in its current form.

The purpose of the establishment of Hazelmere is to divert wood wastes from landfill. Since landfill costs are generally incurred on each cubic metre of landfill airspace consumed, but income is earned on the weight of waste, low density waste can cost more to manage than is earned in disposal fees. Wood wastes are low density, and the establishment of Hazelmere was intended to provide a lower cost, more convenient option for those wishing to dispose of wood waste than taking the material to Red Hill, thus reducing low density waste disposal at Red Hill. This does not necessarily translate into profitability for Hazelmere itself.

The wood waste is shredded to supply product to a number of markets, including the manufacture of particle board, animal bedding and, after colouring, for sale as coloured mulch.

The EMRC has received extensive industry support for the project, and won a WA Environment Award for Hazelmere in 2008.

REPORT

At 30 June 2009, Hazelmere will have completed its first full financial year of operations. This enables the expected financial position for the first year be compared to the financial position as forecast in that initial business plan. Hazelmere is expected to be in a worse net position than was planned.

The major factors that contributed to the variations are:

- A drop in commodity prices (income from steel) resulted in a reduced income. Similarly, the current recession has reduced the demand for Laminex products, and thus Laminex has been buying less woodchip. The gas crisis early in the financial year also led to the Laminex plants being closed and demand being reduced during that time. In the absence of a formal agreement between the parties, the EMRC was unable to enforce the purchase of product.
- Sales of coloured mulch have not been achieved due to the lack of plant and materials to do the colouring. There is a waiting period of 16 weeks (four months) to hire colouring plant, leading to an inconsistency of supply of coloured chip which in turn makes it difficult to establish stable markets.
- Assumptions in relation to the rate of volume reduction from unshredded material through the gate to wood chip were based on documented sources in the absence of local data. Local conditions turned out to be different from the information in the research documentation, leading to a reduction rate of 2:1 rather than 4:1. As shredding is paid on woodchip volume, this change had the effect of doubling the shredding cost.
- Based on detailed investigations of a Laminex pilot plant, it was assumed that grinding to specification could be achieved by a single stage high-speed grind conducted in discrete campaigns. This assumption proved to be invalid. Instead, a two stage grinding process became necessary to ensure wood was size reduced within 72 hours to meet Department of Agriculture requirements in relation to European House Borer, as well as to remove large steel from loads. A slow speed shredder is used for the primary grind.



Item 9.2 continued

- Based on observations from the Laminex pilot plant, it was understood that screening would not be required to achieve the product specification. Screening turned out to be required to remove grit for the Laminex product, but had the benefit of producing a “fines” stream that could be sold to animal bedding markets. During the year EMRC purchased a trommel to screen timber. Prior to the purchase of the trommel, \$139,062 was spent on screening.
- The additional plant meant that assumptions in relation to the number of loaders and employees became invalid. Thus, an estimate for a single loader became a requirement for two loaders, and two operators had to expand to four operators (expanding to include a team leader and a gatehouse attendant).

Cost of landfill airspace

The long term cost of landfill airspace is currently estimated at \$10.00 per cubic metre (actual values change from cell to cell depending on construction costs). It is therefore estimated that the EMRC will save approximately \$640,000 in useable landfill space by not having the wood waste at Red Hill, thus reducing the abovementioned deficit to \$278,786.

This saving is not included in the Hazelmere budget, but can be observed in reduced depreciation for landfill airspace. This is partially reflected in the 2008/09 budget, which budgeted depreciation for airspace consumption to be \$796,717, but the forecast depreciation is \$183,332.

Grant funding

The EMRC received \$297,600 in Strategic Waste Initiative Scheme grant funding to undertake some of the capital works to date. The hardstand, vacuum sweeper and access road have been funded from this grant, and \$150,800 remains to contribute to the purchase of a site shredder.

The future of Hazelmere Timber Recycling Centre

Although the deficit on the operational budget for Hazelmere is greater than what was forecast in the original business plan for the first year of operations, the long term benefits of Hazelmere remain the same. Resource recovery, saving natural resources, reducing the EMRC's carbon footprint, creating jobs in tough economic times and generating additional income are a few of the benefits of Hazelmere.

Nevertheless, it is clear that remedial measures are needed to set Hazelmere on course to sustainability, and that Council needs a clear understanding of when Hazelmere can be expected to be profitable in its own right.

The EMRC recently recruited a new Manager Engineering/Waste Management Services (“the Manager”) who will, amongst other things, assist the Executive Manager, Waste Management Services in improving Hazelmere's operational sustainability. The Manager has been specifically tasked to set Hazelmere on course to sustainability by the end of December 2009.

In order to achieve this outcome, the following actions have been implemented at Hazelmere, and will be continued for the remainder of 2009 with close scrutiny from the Manager:

- Improving processes and optimising the utilisation of resources to minimise the expenditure to achieve the same processing outcome.
- Improving financial management through more frequent monitoring and reporting of expenditure, investigating items of high expenditure as soon as they come to attention.
- Increasing revenue by implementing supply agreements for product generated, developing new markets to improve diversity and pursuing better prices for steel and other commodities.
- Motivating staff to maintain a focus on producing high quality products whilst also minimising expenditure. This will include giving staff a sense of ownership over the future of the operations.

During the course of the current financial year (2008/2009) some of the highest expenditures have already been identified and addressed. Additional measures have been put in place to reduce expenditure in future years.



Item 9.2 continued

2009/2010 Financial Year

The key opportunity for savings has been the low speed shredder (ie using it less by changing work methods). In the forecast for the 2009/2010 financial year, the cost for the low speed shredder has been reduced from expected 2008/2009 expenditure to reflect revised work methods.

An opportunity to increase income has been identified with the implementation of supply agreements with the Laminex Group and the Broiler Growers Association.

Income for 2009/2010 is budgeted to be \$727,001 and expenditure budgeted to be at \$1,214,741, or an operating deficit of \$487,740. Taking into account the estimated saving of \$640,000 for usable landfill space, the net position for the 2009/2010 is a surplus of \$152,260.

2010/2011 Financial Year

It is planned to procure fixed grinding and screening equipment for Hazelmere towards the end of the 2009/2010 financial year. This will reduce current expenditure on grinding and screening, increase the quality of the woodchip generated and enable plant to be redeployed from the site. Based on a budget cost of \$2m for the plant, the conversion of the site to fixed, electrically powered plant enables Hazelmere to achieve an operating surplus. The plant is proposed to be funded with grant and Reserve funds.

Income for the 2010/2011 financial year income is budgeted to increase to \$750,000 due to better capabilities to remove non-ferrous contaminants, and expenditure is budgeted to decrease to below \$700,000 for an operating surplus of \$50,000 (exclusive of landfill airspace saved, but inclusive of depreciation).

Summary of net position

Assuming the fixed grinding and screening equipment is purchased and operational by the start of 2010/2011, the following net positions are anticipated.

	Business Plan: Year 1 forecast	Forecast position at 30 June 2009	Budget 2009/2010	Budget 2010/2011	Budget 2011/2012
Income	425,720	465,000	727,001	750,000	787,250
Expenditure	509,800	1,383,786	1,214,741	692,798	707,426
Net position (Deficit)	(84,080)	(918,786)	(487,740)	57,202	79,824

Conclusion

Although the Hazelmere Timber Recycling Centre currently operates at an operating deficit, plans are in place to turn around the operational outlook in the 2009/2010 financial year. The procurement of fixed grinding and screening equipment will further improve the finances, however it is proposed that the procurement be deferred until the end of 2009, at which point the success of the cost controls will have been demonstrated. Success will be proven by being at least 50% of the net position in the 2009/2010 budget by 31 December 2009 (ie the deficit being approximately 50% of the budgeted deficit).

Once the cost controls have been demonstrated, it is proposed that the fixed plant will be procured. It is anticipated that a further report on the Hazelmere financial position will be presented to Council at its February 2010 meeting.

STRATEGIC/POLICY IMPLICATIONS

The establishment of the wood waste processing project at the Hazelmere Timber Recycling Centre addresses the following Objectives of the EMRC's Strategic Plan for the Future:

1.1 To provide sustainable waste disposal operations

1.1.4 Develop Hazelmere Resource Recovery Park



Item 9.2 continued

1.3 To provide resource recovery and recycling solutions in partnership with member Councils

- 1.3.3 Develop resource recovery products
- 1.3.3 Establish Resource Recovery Facility
- 1.3.3 Promote awareness of Resource Recovery Project.

1.4 To investigate leading edge waste management practices

- 1.4.3 Provide leadership in the development of waste policy and practices

FINANCIAL IMPLICATIONS

As contained within the report.

SUSTAINABILITY IMPLICATIONS

Re-use of waste timber generates social, environmental and financial benefits.

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	

ATTACHMENT(S)

Nil

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

That Council notes the remedial measures proposed in the report to set the Hazelmere Timber Recycling Centre on course to financial sustainability.

The Executive Manager Waste Management Services provided a summary on the financial status of the Hazelmere Recycling Centre.

TAC RECOMMENDATION(S)

MOVED MR LUTEY

SECONDED MR PURDY

That Council notes the remedial measures proposed in the report to set the Hazelmere Timber Recycling Centre on course to financial sustainability.



CARRIED UNANIMOUSLY

Item 9.2 continued

COUNCIL RESOLUTION(S)

MOVED CR ALBERT

SECONDED CR LAVELL

THAT COUNCIL NOTES THE REMEDIAL MEASURES PROPOSED IN THE REPORT TO SET THE HAZELMERE TIMBER RECYCLING CENTRE ON COURSE TO FINANCIAL SUSTAINABILITY.

CARRIED UNANIMOUSLY



9.3 TENDER 2009/08 - PROVISION OF GREENWASTE SHREDDING SERVICES

REFERENCE: COMMITTEES-9458

PURPOSE OF REPORT

To advise Council of the results of the tender for the Provision of Greenwaste Shredding Services for the Red Hill Waste Management Facility, and other sites on an ad hoc basis, and recommend acceptance of the tender from Western Tree Recyclers.

KEY ISSUES AND RECOMMENDATION(S)

- A tender for the provision of greenwaste shredding services was advertised in the West Australian newspaper on 25 April 2009.
- Tenders closed on 15 May 2009. Four submissions were received.
- The tender called for the provision of shredding services within the Red Hill Waste Management Facility, and if required, also at other sites operated by the EMRC.

Recommendation(s)

That:

1. Council award tender number 2009/08 to Western Tree Recyclers for the period 26 June 2009 to 26 June 2012 in accordance with the table of charges in Attachment 1 to this report with an option of two single year extensions, extended by the CEO subject to satisfactory performance.
2. The contract rates for tender number 2009/08 be adjusted annually using the Consumer Price Index for Perth for the March quarter.

SOURCE OF REPORT

Engineer, Waste Management Services

BACKGROUND

The EMRC has ongoing requirements for a contractor to shred greenwaste at the Red Hill Waste Management Facility. A tender has been developed for these requirements to assist in budgeting.

REPORT

Tender 2009/08 was advertised on 25 April 2009, and four submissions were received. Tenders were received from:

- Shayler Pty Ltd trading as Grass Growers;
- Vancouver Waste Services Pty Ltd trading as WA Bio Fuels;
- NK Contractors (1997) Pty Ltd; and
- Cranewest (WA) Pty Ltd trading as Western Tree Recyclers.



Item 9.3 continued

Tenders were assessed based on the following assessment criteria:

Criterion	Weighting
Demonstrated experience in green waste shredding	10%
Ability to produce the specified product	10%
Ability to undertake the works when required	40%
Tendered price	40%

Western Tree Recyclers scored highly in the experience and ability criteria. Price was scored on a linear regression of the sum of the rates provided; Western Tree Recyclers tendered the second most attractive price.

Rates for the following items were provided by each tenderer.

- Mobilisation/demobilisation; and
- Rate to shred per cubic metre.

Since Western Tree Recyclers scored highest in the overall ranking and had one of the lowest priced tenders, it is the preferred tenderer.

STRATEGIC/POLICY IMPLICATIONS

The contract will contribute to Key Result Area 1 of the EMRC Strategic Plan for the Future, specifically:

- Strategy 1.1.1: To develop waste diversion programmes, and
- Strategy 1.3.1: To develop resource recovery products;

by facilitating the running of the greenwaste recycling programme.

FINANCIAL IMPLICATIONS

The annual spend on the contract is anticipated to be about \$200,000 (ex GST). This is comprised of:

Works	Expenditure
Mobilisation/demobilisation	\$12,000
Shredding greenwaste	\$197,736
TOTAL	\$209,736

As the contract has a maximum potential period of five years (three years plus two single year extensions, each extension being subject to satisfactory performance under the contract), the total contract value is \$1,000,000 (ex GST). CPI adjustments are in addition to the estimated total contract value, with the method of calculating CPI adjustments provided in the tender documents.



Item 9.3 continued

SUSTAINABILITY IMPLICATIONS

The greenwaste recycling programme is an important aspect of the EMRC's environmental sustainability. This tender provides for the continuation of support for greenwaste recycling works.

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	

ATTACHMENT(S)

Provision of Greenwaste Shredding Services Schedule of Rates ([Ref: Committees-9460](#))

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

That:

1. Council award tender number 2009/08 to Western Tree Recyclers for the period 26 June 2009 to 26 June 2012 in accordance with the table of charges in Attachment 1 to this report with an option of two single year extensions, extended by the CEO subject to satisfactory performance.
2. The contract rates for tender number 2009/08 be adjusted annually using the Consumer Price Index for Perth for the March quarter.

Mr Lutey noted that the analysis for this report as well as the subsequent report was very good.

TAC RECOMMENDATION(S)

MOVED MR LUTEY

SECONDED MR COTEN

That:

1. Council award tender number 2009/08 to Western Tree Recyclers for the period 26 June 2009 to 26 June 2012 in accordance with the table of charges in Attachment 1 to this report with an option of two single year extensions, extended by the CEO subject to satisfactory performance.
2. The contract rates for tender number 2009/08 be adjusted annually using the Consumer Price Index for Perth for the March quarter.

CARRIED UNANIMOUSLY

Price Schedule

Description	Unit	Rate (ex GST)
Mobilisation/demobilisation	Per event	\$1,500
Shredding greenwaste	Per m ³	\$7.70



9.4 TENDER 2009/11 - PROVISION OF WOOD WASTE SHREDDING SERVICES

REFERENCE: COMMITTEES-9474

PURPOSE OF REPORT

To advise Council of the results of the tender for the Provision of Wood waste Shredding Services for the Hazelmere Timber Recycling Centre, and recommend acceptance of the tender from Western Tree Recyclers.

KEY ISSUES AND RECOMMENDATION(S)

- A tender for the provision of wood waste shredding services was advertised in the West Australian newspaper on 13 May 2009.
- Tenders closed on 28 May 2009. Three submissions were received.
- The tender called for the provision of shredding services at the Hazelmere Timber Recycling Centre.

Recommendation(s)

That:

1. Council award tender number 2009/11 to Western Tree Recyclers for the period 26 June 2009 to 26 June 2010 in accordance with the table of charges in Attachment 1 to this report with an option of a single year extension, extended by the CEO, subject to satisfactory performance.
2. The contract rates for tender number 2009/11 be adjusted after the first year using the Consumer Price Index for Perth for the March quarter.

SOURCE OF REPORT

Engineer, Waste Management Services

BACKGROUND

The EMRC has ongoing requirements for a contractor to shred wood waste at the Hazelmere Timber Recycling Centre. A tender has been developed for these requirements to assist in budgeting.

REPORT

Tender 2009/11 was advertised on 13 May 2009, and three submissions were received. Tenders were received from:

- Vancouver Waste Services Pty Ltd trading as WA Bio Fuels;
- NK Contractors (1997) Pty Ltd; and
- Cranewest (WA) Pty Ltd trading as Western Tree Recyclers.



Item 9.4 continued

Tenders were assessed based on the following assessment criteria:

Criterion	Weighting
Demonstrated experience in wood waste shredding	15%
Ability to produce the specified product	15%
Ability to undertake the works when required	30%
Tendered price	40%

Western Tree Recyclers scored highly in the experience and ability criteria. Western Tree Recyclers also tendered the most attractive price.

Rates for the following items were requested from by each tenderer.

- Mobilisation/demobilisation;
- Rate to shred per cubic metre (woodchip); and

OPTIONAL -

- Rate to shred per cubic metre (fines).

Since Western Tree Recyclers scored highest in the overall ranking and had the lowest priced tender, it is the preferred tenderer.

STRATEGIC/POLICY IMPLICATIONS

The contract will contribute to Key Result Area 1 of the EMRC Strategic Plan for the Future, specifically:

Strategy 1.1.1: To develop waste diversion programmes, and

Strategy 1.3.1: To develop resource recovery products;

by facilitating the running of the wood waste recycling programme.

FINANCIAL IMPLICATIONS

The annual spend on the contract is anticipated to be about \$220,000 (ex GST). This is comprised of:

Works	Expenditure
Mobilisation/demobilisation	\$19,200
Shredding wood waste	\$204,000
TOTAL	\$223,200

As the contract has a maximum potential period of two years (one year plus a single year extension, subject to satisfactory performance under the contract), the total contract value is \$500,000 (ex GST). CPI adjustments are in addition to the estimated total contract value, with the method of calculating CPI adjustments provided in the tender documents.



Item 9.3 continued

COUNCIL RESOLUTION(S)

MOVED CR ALBERT

SECONDED CR LAVELL

THAT:

1. COUNCIL AWARD TENDER NUMBER 2009/08 TO WESTERN TREE RECYCLERS FOR THE PERIOD 26 JUNE 2009 TO 26 JUNE 2012 IN ACCORDANCE WITH THE TABLE OF CHARGES IN ATTACHMENT 1 TO THIS REPORT WITH AN OPTION OF TWO SINGLE YEAR EXTENSIONS, EXTENDED BY THE CEO SUBJECT TO SATISFACTORY PERFORMANCE.
2. THE CONTRACT RATES FOR TENDER NUMBER 2009/08 BE ADJUSTED ANNUALLY USING THE CONSUMER PRICE INDEX FOR PERTH FOR THE MARCH QUARTER.

CARRIED UNANIMOUSLY



Item 9.4 continued

SUSTAINABILITY IMPLICATIONS

The wood waste recycling programme is an important aspect of the EMRC's environmental sustainability. This tender provides for the continuation of support for wood waste recycling works.

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	

ATTACHMENT(S)

Provision of Wood waste Shredding Services Schedule of Rates ([Ref: Committees-9477](#))

VOTING REQUIREMENT

Simple Majority

RECOMMENDATIONS

That:

1. Council award tender number 2009/11 to Western Tree Recyclers for the period 26 June 2009 to 26 June 2010 in accordance with the table of charges in Attachment 1 to this report with an option of a single year extension, extended by the CEO, subject to satisfactory performance.
2. The contract rates for tender number 2009/11 be adjusted after the first year using the Consumer Price Index for Perth for the March quarter.

TAC RECOMMENDATION(S)

MOVED MR LUTEY

SECONDED MR PEARSON

That:

1. Council award tender number 2009/11 to Western Tree Recyclers for the period 26 June 2009 to 26 June 2010 in accordance with the table of charges in Attachment 1 to this report with an option of a single year extension, extended by the CEO, subject to satisfactory performance.
2. The contract rates for tender number 2009/11 be adjusted after the first year using the Consumer Price Index for Perth for the March quarter.

CARRIED UNANIMOUSLY



Item 9.4 continued

COUNCIL RESOLUTION(S)

MOVED CR ALBERT

SECONDED CR LAVELL

THAT:

1. COUNCIL AWARD TENDER NUMBER 2009/11 TO WESTERN TREE RECYCLERS FOR THE PERIOD 26 JUNE 2009 TO 26 JUNE 2010 IN ACCORDANCE WITH THE TABLE OF CHARGES IN ATTACHMENT 1 TO THIS REPORT WITH AN OPTION OF A SINGLE YEAR EXTENSION, EXTENDED BY THE CEO, SUBJECT TO SATISFACTORY PERFORMANCE.
2. THE CONTRACT RATES FOR TENDER NUMBER 2009/11 BE ADJUSTED AFTER THE FIRST YEAR USING THE CONSUMER PRICE INDEX FOR PERTH FOR THE MARCH QUARTER.

CARRIED UNANIMOUSLY

Price Schedule

Description	Unit	Rate (ex GST)
Mobilisation/demobilisation	Per event	\$1,200
Shredding wood waste (woodchip)	Per m ³	\$6.00
Shredding wood waste (fines)	Per m ³	To be advised



9.5 REVISED MATTRESS DISPOSAL FEE

REFERENCE: COMMITTEES-9467

PURPOSE OF REPORT

To recommend revised mattress disposal fees at the Hazelmere Mattress Recycling Centre and a limit on mattress disposal at the Red Hill Waste Management Facility.

KEY ISSUES AND RECOMMENDATION(S)

- The fee for the disposal of mattresses at the Hazelmere Mattress Recycling Centre was set by Council on 21 May 2009.
- The mattress disposal fee includes an allowance for income earned from materials recovered, and a subsidy from the EMRC to account for the value of airspace saved at Red Hill by recycling mattresses.
- The EMRC has recently received requests from other landfill operators seeking to dispose of mattresses at Hazelmere.
- Mattresses diverted from landfills other than Red Hill do not save airspace at Red Hill, and thus the subsidy for airspace saved needs to be reconsidered. Furthermore, prices for steel have dropped, making the income from springs recovered lower than anticipated when setting the fees.

Recommendation(s)

That:

1. Council by an absolute majority in accordance with section 6.16 of the Local Government Act 1995 sets the fees for mattress disposal at the Hazelmere Mattress Recycling Centre at:
 - \$5.00 per mattress (ex GST) for mattresses from member Council collections.
 - \$10.00 per mattress (ex GST) for mattresses from all other sources.
2. A limit of five mattresses per vehicle be established for mattress disposal at the Red Hill Waste Management Facility.
3. That local public notice be given of the above fees, with the fees to take effect 10 days from the date of local public notice.

SOURCE OF REPORT

Executive Manager, Waste Management Services

BACKGROUND

At its meeting held 7 December 2006 Council considered a report recommending establishment of a mattress disposal fee. The report proposed that:

The recommended price for the disposal of mattresses is \$2.00 per mattress. The \$2.00 per mattress price is considered to be sufficiently low to encourage proper disposal rather than dumping and, as each mattress contains in the order of \$6.00 worth of materials, will ensure the operation breaks even at relatively low mattress numbers. The primary driver for the mattress programme is to divert mattresses from landfill. Each mattress received at Red Hill "costs" the EMRC \$20.00 as the cost of the airspace consumed by a mattress exceeds the income received for its disposal.

Council resolved, inter alia that:

- "2. THE DISPOSAL FEES FOR MATTRESSES AT THE MATTRESS STRIPPING FACILITY FOR THE 2006/2007 FINANCIAL YEAR BE SET AT \$2.00/MATTRESS (EX GST)."



Item 9.5 continued

REPORT

The mattress disposal fee was initially set at a low level to encourage mattress disposal. The gate fee income combined with the income earned from the sale of materials recovered was anticipated to be less than the costs of operations. The shortfall was acceptable on the grounds that mattresses diverted from landfill would save the EMRC valuable airspace at Red Hill. In effect, the EMRC subsidises the mattress processing operations by an amount less than the value of the landfill airspace saved.

Since setting the fees, the EMRC has been approached by other landfill operators seeking to dispose of mattresses at Hazelmere. More mattresses at Hazelmere would build the business, reducing the cost per mattress processed and improving markets for recovered materials. These are outcomes worth encouraging.

However, mattresses diverted from landfills other than Red Hill would not save Red Hill airspace, and a subsidy for Red Hill airspace saved is not justifiable in those cases. As a result, the fee has been revisited to remove the subsidy from landfill airspace saved, revising the fee at Hazelmere from \$5.00 to \$10.00 per mattress (ex GST). This will ensure costs are recovered from the project during "steady state" market conditions for materials recovered.

Since Hazelmere is not equipped to handle large numbers of small vehicles, ratepayers will be directed to Red Hill for mattress disposal where the fee for mattress disposal at Red Hill is proposed to remain unchanged at \$5.00 per mattress (ex GST). A limit of five mattresses per vehicle is proposed for Red Hill in order to dissuade commercial loads of mattresses at Red Hill. The fee for the disposal of mattresses at Hazelmere from member Council collections is proposed to remain at \$5.00 per mattress (ex GST).

It is worth emphasising that the fee has not been set to recover all costs associated with mattress recycling. Part of the income for mattress recycling is from the sale of recovered materials (in particular steel). Steel prices are currently depressed at about \$20.00/tonne, and so the proposed fees would lead to a loss of about \$60,000 at the current steel price. If and when steel returns to its long term average of about \$50.00/tonne, the project would return a profit of about \$40,000 excluding savings from landfill avoided. The original business plan assumed a steel price of \$150.00/tonne based on several years of high prices, thus making a small profit on a low disposal fee.

These profit and loss figures are based on an assumption that 8,500 mattresses are received in the year – this assumption may not hold depending upon the market reaction to an increased fee. Initial feedback from commercial collectors suggests that they would accept the increased fee, though the reaction of landfill operators has not yet been tested. The separation of mattresses from member Council vergeside collections would help support this initiative.

STRATEGIC/POLICY IMPLICATIONS

The adjustment of the fees for mattress disposal enables the EMRC to improve member Council and EMRC financial viability.

FINANCIAL IMPLICATIONS

The increase in the mattress disposal fee is budgeted to increase income by \$42,500 per year.

SUSTAINABILITY IMPLICATIONS

Nil



Item 9.5 continued

MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean City of Bayswater City of Belmont Shire of Kalamunda Shire of Mundaring City of Swan	Member Councils are encouraged to introduce mattress separation from vergeside collections. The increased fee is not applicable to member Councils.

ATTACHMENT(S)

Nil

VOTING REQUIREMENT

Absolute Majority

RECOMMENDATION(S)

That:

1. Council by an absolute majority in accordance with section 6.16 of the Local Government Act 1995 sets the fees for mattress disposal at the Hazelmere Mattress Recycling Centre at:
 - \$5.00 per mattress (ex GST) for mattresses from member Council collections.
 - \$10.00 per mattress (ex GST) for mattresses from all other sources.
2. A limit of five mattresses per vehicle be established for mattress disposal at the Red Hill Waste Management Facility.
3. That local public notice be given of the above fees, with the fees to take effect 10 days from the date of local public notice.

The Executive Manager Waste Management Services provided a summary of the report, and noted that the proposed charge applies to commercial customers only. Member Councils would not be impacted if they decided to collect mattresses separately.

TAC RECOMMENDATION(S)

MOVED MR PEARSON

SECONDED MR COTEN

That:

1. Council by an absolute majority in accordance with section 6.16 of the Local Government Act 1995 sets the fees for mattress disposal at the Hazelmere Mattress Recycling Centre at:
 - \$5.00 per mattress (ex GST) for mattresses from member Council collections.
 - \$10.00 per mattress (ex GST) for mattresses from all other sources.
2. A limit of five mattresses per vehicle be established for mattress disposal at the Red Hill Waste Management Facility.
3. That local public notice be given of the above fees, with the fees to take effect 10 days from the date of local public notice.

CARRIED UNANIMOUSLY



Item 9.5 continued

COUNCIL RESOLUTION(S)

MOVED CR ALBERT

SECONDED CR LAVELL

THAT:

1. COUNCIL BY AN ABSOLUTE MAJORITY IN ACCORDANCE WITH SECTION 6.16 OF THE LOCAL GOVERNMENT ACT 1995 SETS THE FEES FOR MATTRESS DISPOSAL AT THE HAZELMERE MATTRESS RECYCLING CENTRE AT:
 - \$5.00 PER MATTRESS (EX GST) FOR MATTRESSES FROM MEMBER COUNCIL COLLECTIONS.
 - \$10.00 PER MATTRESS (EX GST) FOR MATTRESSES FROM ALL OTHER SOURCES.
2. A LIMIT OF FIVE MATTRESSES PER VEHICLE BE ESTABLISHED FOR MATTRESS DISPOSAL AT THE RED HILL WASTE MANAGEMENT FACILITY.
3. THAT LOCAL PUBLIC NOTICE BE GIVEN OF THE ABOVE FEES, WITH THE FEES TO TAKE EFFECT 10 DAYS FROM THE DATE OF LOCAL PUBLIC NOTICE.

CARRIED UNANIMOUSLY



9.6 ITEMS CONTAINED IN THE INFORMATION BULLETIN

REFERENCE: COMMITTEES-9423

The following items are included in the Information Bulletin, which accompanies the Agenda.

1 REGIONAL SERVICES

- 1.1 *ENVIRONMENTAL SERVICES ACTIVITY REPORT – FEBRUARY 2009 TO MAY 2009*
(Ref: Committees-9406)

2 WASTE MANAGEMENT SERVICES

- 2.1 *EMRC WASTE MANAGEMENT SERVICES LOCAL LAW* (Ref: Committees-9427)
2.2 *NATIONAL PACKAGING COVENANT SUBMISSION FOR EMRC GLASS PROCESSING PLANT* (Ref: Committees-9426)

RECOMMENDATION

That the Information Bulletin be noted.

In reference to item 2.1 the Executive Manager Waste Management Services informed members that all waste related local laws now go through the Department of Environment and Conservation (DEC).

The Executive Manager Waste Management Services noted in relation to item 2.2 that an opportunity to progress with a glass program had arisen. The Acting Chief Executive Officer noted that the project was subject to Council sign off on the business plan.

The Executive Manager Regional Services noted in relation to item 1.1 that the Solar Cities proposals were all submitted on time and thanked members for their assistance.

The Executive Manager Regional Services requested that media queries relating to the Perth Solar Cities Project be referred to the State Government for the time being.

TAC RESOLUTION(S)

MOVED MR LUTEY

SECONDED MR PEARSON

THAT THE INFORMATION BULLETIN BE NOTED.

CARRIED UNANIMOUSLY

10 CONFIDENTIAL MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

Nil

11 GENERAL BUSINESS

Nil



12 FUTURE MEETINGS OF THE TECHNICAL ADVISORY COMMITTEE

The next meeting of the Technical Advisory Committee will be held on **Thursday 9 July (if required) 2009** at the EMRC Administration Office, 1st Floor, Ascot Place, 226 Great Eastern Highway, Belmont WA 6104 commencing at 3.00pm.

Future Meetings 2009

Thursday	9 July (if required)	at	EMRC Administration Office
Thursday	13 August	at	EMRC Administration Office
Thursday	10 September (if required)	at	EMRC Administration Office
Thursday	15 October	at	EMRC Administration Office
Thursday	19 November	at	EMRC Administration Office

13 DECLARATION OF CLOSURE OF MEETING

There being no further business, the Chairman declared the meeting closed at 4.21pm.