



BUSINESS PLAN - MAJOR TRADING UNDERTAKING –

SALE OF UNPROCESSED FOGO MATERIAL

(a) The proposed sales and its expected effect on the provision of facilities and services by the local government

The Eastern Metropolitan Regional Council (**EMRC**) is a progressive and innovative regional local government working on behalf of four member Councils located in Perth's Eastern Region - Town of Bassendean, City of Bayswater, Shire of Mundaring and City of Swan. The EMRC provides services in waste management, environmental management and regional development and the EMRC is a model of successful collaboration, initiating projects which deliver real benefits to Perth's Eastern Region. The EMRC operates facilities at its Hazelmere Resource Recovery Park (HRRP) in 77 Lakes Road, Hazelmere where waste timber is recycled, commercial and industrial (C&I) waste is sorted and recycled and used mattresses are recycled. The EMRC is currently constructing a Waste Transfer Station to act as a central hub for member Councils to bring residual waste for transport to the East Rockingham Waste to Energy plant and Food Organics Garden Organics (FOGO) waste for transport to composting facilities at the Red Hill Waste Management Facility (**RHWMF**) or other facilities. At the RHWMF, the EMRC operates a licensed landfill for the disposal of class III and class IV wastes, FOGO waste is processed into compost, green waste is converted into mulch and we produce products such as Ferricrete for road base.

The EMRC proposes to sell the FOGO material received from member Councils and possibly non-member Councils and commercial collections at the Hazelmere Waste Transfer Station to GO Organics who will sort the material, remove contamination and transport the clean FOGO material to their processing facility at Gingin (**Proposal**).

The EMRC expects that the Proposal will have a positive effect on the waste management and resource recovery facilities and services provided by the EMRC as it will accommodate the transition for the member Councils to household FOGO collections and greater diversion of waste from landfill and improved resource recovery.

(b) The expected effect of the Proposal on other persons providing facilities and services in the district

The EMRC expects that the Proposal will have a minimal effect on other persons providing facilities and services in the district because there are no other providers of this service in the EMRC region of Councils.

(c) The expected financial effect of the Proposal on the EMRC

The EMRC expects the financial effect of the Proposal on the EMRC to be positive.

The Proposal will provide income to the EMRC by way of member Council and potentially non-member Council and commercial customer gate fees for the acceptance of the FOGO material at Hazelmere offset by the sale of this material to GO Organics which will bolster the financial sustainability of the EMRC.

Because of the financial benefit to the EMRC that this Business Plan for a Major Trading Undertaking is required under the *Local Government Act 1995 (WA)*.

(d) The expected effect of the Proposal on matters referred to in the EMRC's current plan prepared under section 5.56 of the *Local Government Act 1995 (WA)*.

The EMRC has a 10-year Strategic Plan (**SP**) 2017-2027 and a five-year Corporate Business Plan (**CBP**) 2021/2022 – 2025/2026 that are revised and reported back to Council on a quarterly basis. The SP and the CBP are underpinned by an annual budget and a 10-year forecast budget comprising both operating and capital expenditure.

The EMRC currently relies heavily on its waste-to-landfill services to generate revenue for financial resilience and investment in other initiatives, such services having generated 97 percent of the EMRC's revenue for the 2019/2020 financial year. The EMRC has recently carried out a strategic review which considered the expected market changes resulting from the WARR Strategy (Waste Avoidance and Resource Recovery 2030) and which recommended actions that should foster the organisation's long-term financial viability.

The proposed sale of unprocessed FOGO waste is entirely consistent with the SP and the CBP. The sale arrangement will be for a period of up to six years from 2024 after which it all FOGO waste will be processed by the EMRC.

(e) The ability of the EMRC to manage the undertaking or the performance of the Proposal

The EMRC has the ability and resources to manage the Proposal. The EMRC's involvement will be limited to:

- Accepting the FOGO waste at its Hazelmere Waste Transfer Station;
- Managing access to the waste by GO Organics; and
- Managing contamination in the FOGO waste.

The EMRC has qualified and experienced staff and contractors who operate the Hazelmere Resource Recovery Park who supervise the receipt of the FOGO waste and disposal of any contamination and the access by GO Organics personnel.

(f) Any other matter prescribed for the purposes of subsection 3.59(3) of the *Local Government Act 1995 (WA)*.

Costs and Cost Benefit

The costs to the EMRC will be minimal and will consist of management time to facilitate access to GO Organics at the Waste Transfer Station and auditing their performance under the sale contract and managing disposal of contamination to Red Hill Waste Management Facility.

The benefit will be a financial return to the EMRC as well as reducing landfill disposal costs for member Councils and increased resource recovery.

Risk Management

Risk management of the Proposal will cover the following areas:

1. safe operation of the Waste Transfer Station for receipt and transfer of FOGO material because of the movement of machinery and operators;
2. management of noise and air and odour emissions to prescribed limits; and
3. management of any wastewater within the EMRC's Waste Transfer Station wastewater disposal system.