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Business Plan  
Major Trading Undertaking

# **The Provision of Landfill Services**

(In accordance with Section 3.59 of the Local Government Act 1995)

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## 1 Introduction

This Business Plan (the '**Plan**') outlines the proposed provision of landfill services by the Mindarie Regional Council (**MRC**), as required under the Local Government Act 1995, Section 3.59 for a Major Trading Undertaking. The landfill facility as it relates to this Plan is the Tamala Park landfill, licence number L6963/1997/14, located at 1700 Marmion Ave, Tamala Park, WA 6030.

## 2 Background

The MRC's Tamala Park Waste Management Facility (**TPWMF**) is one of the largest putrescible landfills (Category 64, Class II) in the Perth metropolitan area, servicing a population of approximately 700,000 residents. The Facility is located 30 kilometres north of the Perth central business district, 10 kilometres from the Wanneroo town site and adjoins the suburbs of Kinross and Catalina.

The land for the TPWMF was jointly acquired in 1981 by the Cities of Perth, Stirling and Wanneroo and has been in operation since 1991. Over time, ownership of the MRC has grown to include the Cities of Joondalup and Vincent, and the Towns of Cambridge and Victoria Park for the principal purpose of Municipal Solid Waste (**MSW**) disposal.

At the existing rate of waste disposal, it is estimated that the Tamala Park landfill will reach capacity and cease landfilling operations as early as 2028. Through the strategic planning process, the MRC has identified that it currently has landfill capacity greater than which is reasonably required to meet the medium-term needs of its member councils. This Plan is about a proposal to utilise some of this available capacity.

The recycling and public transfer station services currently offered by the MRC at the Tamala Park site are considered separate for the purposes of this Plan and are not the subject of the proposed activities.

### 3 Proposed Major Trading Undertaking

The MRC's proposal is to use a public tender process to attract commercial waste in order to utilise some of the available landfill capacity at the Tamala Park landfill over a 5-year program. The available capacity allocation under the Plan will be for between 100,000 – 150,000 tonnes per annum, divided into 10 - 15 individual allocations, with each allocation equating to 10,000 tonnes (the '**Proposed Undertaking**'). For the sake of clarity, this equates to a total of 500,000 – 750,000 tonnes over the 5-year period of the Proposed Undertaking. Tenderers can put in tenders for some or all of the 10,000 tonne tranches, allowing these to potentially be awarded independently to one or to a variety of Tenderers.

The annual public tender process to be run in each of the 5 years, will enable industry to establish a fair price for the allocated landfill capacity. It is expected that the additional waste volume will generate additional revenue for the MRC, which will be allocated to a separate reserve fund for the purpose of offsetting future costs associated with the Neerabup Resource Recovery Facility.

New allocations and calls for public tenders beyond the 5-year program will be subject to a new and separate business plan and do not form part of the Proposed Undertaking.

### 4 Licencing and Site Specifics

The MRC is currently licensed to landfill 350,000 tonnes per annum under its Department of Water and Environmental Regulation (DWER) licence number L6963/1997/14. No additional licencing or exemptions are being sought in support of the Proposed Undertaking the subject of this Plan.

All waste delivered to the MRC as part of the tender process will be required to comply with existing Class II waste classifications as defined by the Landfill Waste Classification and Waste Definitions 1996 (as amended 2019).

## 5 Risks, Constraints & Opportunities

The risks associated with the Proposed Undertaking are summarised below and will be managed by the MRC and its subcontractors. The MRC maintains a risk register that address the risks presented by the Proposed Undertaking.

This register is periodically reviewed and updated to address issues that include, but are not limited to, the following:

- Environmental risks;
- Public and community relations;
- Operational risks such as dust and noise; and,
- Contractual and financial risks.

Existing public and commercial access to the TPWMF will remain unchanged under the Proposed Undertaking, as the TPWMF site remains capable of accommodating the expected increase in vehicle traffic and waste volumes which will accompany the Proposed Undertaking.

The Proposed Undertaking is consistent with the existing zoning and use of the site, and established waste delivery practices remain suitable for managing the impacts of landfill operations.

Established community relations communications systems are well suited to engaging with the community on matters related to the Proposed Undertaking. It is anticipated that any accelerated landfill operations that may result in an earlier closure of the landfill will be favourably received by the surrounding communities.

Market responses will determine the extent of the uptake of this plan, however the revenue generating nature of the Plan mitigates the risk of limited commercial engagement with the tender process.

## 6 Financials

The Proposed Undertaking is intended to source waste to landfill, in addition to the waste already delivered by member councils. It is expected that this additional waste will generate revenue for the MRC, which will be allocated to a separate reserve fund for the purpose of offsetting future costs associated with the Neerabup Resource Recovery Facility.

No additional capital expenditure by the MRC is required to support the Proposed Undertaking. All associated transport and delivery costs will be borne by the successful tenders in respect of their waste.

The current general landfill rate is \$212 per tonne (incl GST), remaining fixed for the 2020/21 financial year. Revenue generated from the Proposed Undertaking will be allocated to a separate reserve fund for the purpose of offsetting future costs associated with the Neerabup Resource Recovery Facility.

The identified risks that may affect the financial outcome include:

- Non-award of some or all of the tonnage allocations.
- Inability of successful tenderers to make good on their allocated tonnes resulting in outstanding payments owed to the MRC.
- Cheaper available landfill alternatives resulting in low or no tender responses.

Item	2020/21 FY	2021/22 FY	2022/23 FY	2023/24 FY	2024/25 FY
Income from sale of between 100,000 – 150,000 tonnes of landfill capacity (minimum net) <sup>1</sup> .	Subject to the outcome of the tender process each year. Tenders may be submitted for all or some of the minimum annual 10,000 tonne tranches and maybe accepted by the MRC either wholly or in part. The MRC is not bound to accept the lowest or highest Tender and may reject any or all Tenders submitted.				
Advertising of Business Plan in accordance with Local Government Act.	\$500	Business Plan is advertised only once for the 5-year period of the Proposed Undertaking.			
Costs of tender process.	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000

<sup>1</sup> Assumes the full 100,000 – 150,000 tonnes will be filled/sold via this tender process within each financial year.

## 7 Procurement and Timeline

The MRC proposes to award the defined allocation of landfill capacity via an annual public tender process. The tender process will follow the MRC's policies and other considerations relevant to:

- Scope of Works;
- Specification and Conditions of Contract;
- Capacity of tendering parties to deliver.

Upon tender award, the MRC will enter into individual contracts with the successful tendering parties.

## 8 Local Government Act Compliance

The relevant legislation is as follows:

- Local Government Act 1995, Section 3.59

In accordance with the Local Government Act 1995 Section 3.59(2), before it commences a major trading undertaking, a local government is to prepare a business plan. In accordance with Section 3.59(3), the business plan is to include 'an overall assessment of the major trading undertaking' and is to include details of – (a) its expected effect on the provision of facilities and services by the local government; and (b) its expected effect on other persons providing facilities and services in the district; and (c) its expected financial effect on the local government; and (d) its expected effect on the local government's planning for the future; and (e) the ability of the local government to manage the undertaking; and (f) any other matter prescribed for the purpose of the subsection.

### 8.1 Expected effect on the provision of facilities and services by the local government (section 3.59(3)(a))

The Proposed Undertaking is expected to have no, or minimal, effect on the facilities and services already provided by the MRC at the TPWMF. This is because:

- Existing public and commercial access to the TPWMF will remain unchanged under the Proposed Undertaking, as the TPWMF site remains capable of accommodating the expected increase in vehicle traffic and waste volumes which will accompany the Proposed Undertaking.
- The Proposed Undertaking is consistent with the existing zoning and use of the site,

and established waste delivery practices remain suitable for managing the impacts of landfill operations.

- Established community relations communications systems are well suited to engaging with the community on matters related to the Proposed Undertaking. It is anticipated that any accelerated landfill operations that may result in an earlier closure of the landfill will be favourably received by the surrounding communities.

The Proposed Undertaking will involve the landfilling of compliant Class II commercial waste under a contract for a defined period, initially of not more than 12-month duration.

The required landfill capacity will be closely monitored at the conclusion of each 12-month period to ensure the future needs of member councils continue to be prioritised and met before any subsequent tender process commences.

## **8.2 Expected effect on other persons providing facilities and services in the district (section 3.59(3)(b))**

The provision of Class II landfill services in the Perth metropolitan region compromises of local government and commercial operators with the nearest landfill of comparable size located approximately 46 kilometres from the TPWMF.

A brief summary of the Class II landfills located in the metropolitan region can be found in the table below;

Facility	Operator	Relative Distance from TPWMF
Red Hill Waste Management Facility	Eastern Metropolitan Regional Council	46 km
Henderson Waste Recovery Park	City of Cockburn	57 km
Armadale Landfill and Recycling Facility	City of Armadale	72 km
Millar Road Landfill Facility	City of Rockingham	74 km
North Bannister Resource Recovery Park	SUEZ	133 km
Banksia Landfill in Dardanup	Cleanaway	211 km



The metropolitan region facilities have over and above the capacity to meet the demands for landfill services for the foreseeable future however this is the least favourable environmental outcome and all levels of government promote waste avoidance and resource recovery strategies ahead of landfill disposal.

Western Australia's Waste Strategy has set a target to reduce waste generation by 20 per cent and increase material recovery to 70 per cent by 2025 with no more than 15% waste generated in Perth and Peel regions landfilled by 2030. This provides clear signals that if the targets are achieved the provision of landfill services is a diminishing market.

Changes to waste practices through circular economy methodologies, the introduction of organics processing and WTE are predicted to reduce the volumes of waste requiring landfill over time. Until they become available to market, landfill is a competitive option for the waste generated.

Not all landfill services gate fees are required to be published however it is known that these services operated by local government have set gate fees between \$160 to \$212 per tonne during the 2020/21 financial year with discounts available for major customers and other local governments. A waste levy is applied to landfill premises located in the metropolitan region and to waste collected in the metropolitan region and received at landfill premises outside the metropolitan region.

The Proposed Undertaking will utilise the public tender process to enable the market to establish appropriate rates and support competition in the local market. The MRC will reserve the right not to award any tenders as they relate to this Plan.

Due to the nature of the MRC entering into individual contracts with successful tenderers, rates will not be published publicly, to avoid uncompetitive undercutting of competitors' prices.

### **8.3 Expected financial effect on the local government (section 3.59(3)(c))**

The Proposed Undertaking is intended to be revenue generating, as the MRC will receive revenue from this undertaking by the way of gate fees paid for every tonne of waste delivered to landfill, for the period of the undertaking. Revenue generated from this undertaking will be allocated to a separate reserve fund for the purpose of offsetting future costs associated with the Neerabup Resource Recovery Facility.

No additional capital expenditure by the MRC is required to support the Proposed Undertaking. All associated transport and delivery costs will be borne by the successful tenders in respect of their waste.

#### **8.4 Expected effect on the local government's planning for the future (section 3.59(3)(d))**

Section 3.59(3)(d) of the Local Government Act requires this Plan to provide details of the expected effect of the Proposed Undertaking on the MRC's 'current plan prepared under section 5.56' of the Local Government Act.

The Proposed Undertaking has the potential to address a number of the goals and strategies as defined in the MRC's Strategic Community Plan (2018 – 2037), including:

##### **Objective 1: Long Term Viability**

1.5 Ensure the council is commercially relevant to its industry.

##### **Objective 2: Effective Management**

2.2 Continually assess and utilise the best appropriate waste management solutions.

2.5 Evaluate the effectiveness of systems and procedures in light of changing business requirements.

#### **8.5 Ability of the Local Government to Manage the Undertaking (Section 3.59(3)(e))**

The MRC's core business is waste management and therefore it retains the necessary professional services within its existing staff complement to oversee the tender process and ongoing operations involved in the Proposed Undertaking. Existing plant and machinery assets are considered sufficient to manage the increase in waste deliveries to landfill.

## **8.6 Any Other Matter Prescribed for the Purpose of this Sub-section (Section 3.59(3)(f))**

No other matters are prescribed in the *Local Government (Functions and General) Regulations 1996* that are relevant to the Proposed Undertaking.

## **9 Public Consultation and Advertising**

Following the public advertising period (Section 3.59(4)), the MRC will consider all submissions and may decide (by absolute majority) to proceed with the Major Trading Undertaking as described in this Plan in accordance with the provisions of the Local Government Act 1995, section 3.59. The period of advertisement will be forty-two (42) days.

## **10 Submissions**

Submissions about this business plan can be made to the Chief Executive Officer, Mindarie Regional Council, 1700 Marmion Avenue, Tamala Park WA until the 4.00pm WST 5 October 2020.

Submissions are to be lodged in writing and can be delivered to the Main Administration Centre, posted via PO Box 2746, Clarkson WA or emailed to the attention of the Chief Executive Officer at [admin@mrc.wa.gov.au](mailto:admin@mrc.wa.gov.au)

If more information is required prior to making a submission, contact the MRC's Manager Projects and Procurement Aaron Griffiths on 9306 6359 or [agriffiths@mrc.wa.gov.au](mailto:agriffiths@mrc.wa.gov.au)