
 Adelaide Plains Council	11.2 Confidential Item
13 March 2019	

11.2 Resource Recovery Centres

RECOMMENDATION

“that:-

- 1. Pursuant to section 90(2) of the *Local Government Act 1999*, the Infrastructure and Environment Committee orders that all members of the public, except Chief Executive Officer, Acting General Manager – Infrastructure and Environment, General Manager – Finance and Economic Development and Governance Officer be excluded from attendance at the meeting of the Committee for Agenda Item 11.2 – *Resource Recovery Centres*;**
- 2. The Committee is satisfied that pursuant to section 90(3)(d) of the *Local Government Act 1999*, Item 11.2 – *Resource Recovery Centres* concerns information the disclosure of which could reasonably be expected to prejudice the commercial position of the Council, being information of a confidential nature, the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, being the cost of a service provided by one of Council’s contractors; and**
- 3. The Committee is satisfied that the principle that Committee meetings should be conducted in a place open to the public has been outweighed by the need to keep the information, matter and discussion confidential.”**

 Adelaide Plains Council	11.2	Resource Recovery Centres
	Department:	Infrastructure and Environment
	Report Author:	Acting General Manager – Infrastructure and Environment
Date: 13 March 2019	Document Ref:	D19/7497

EXECUTIVE SUMMARY

- The purpose of this report is for the Infrastructure and Environment Committee (the Committee) to consider options, and make recommendations to Council in relation to operating the Mallala Resource Recovery Centre and Two Wells Recovery Centre.
- Council, at its Ordinary Meeting on 29 January 2019 resolved that Management investigate the cost effectiveness of the Mallala Resource Recovery Centre and the Two Wells Recovery Centre (the Centres) and provide a report which includes income and expenses generated and to provide options and recommendations for the future operations of the Centres to Council for consideration.
- The income and expenses analysis from 2001/2002 to 2017/2018 financial year indicates that significant losses are incurring at both the Mallala Resource Recovery Centre and the Two Wells Recovery Centre.
- From a financial perspective, it is recommended that Council explore the option of closing the Centres. However, before Council considers a decision of this nature, it is recommended that community consultation be undertaken in order to determine the actual demand within the community for these services. It would be prudent to undertake a thorough consultation with the entire region before any further recommendations, or decisions, are made.

RECOMMENDATION

“that the Infrastructure and Environment Committee, having considered Item 11.2 – *Resource Recovery Centres*, dated 13 March 2019, receives and notes the report and in doing so recommends to Council that public consultation be commenced to receive feedback from the community on the proposed closure of Mallala and Two Wells Resource Recovery Centres from 30 June 2019.”

BUDGET IMPACT

Estimated Cost:	\$151,000 per annum (loss)
	Mallala - Loss of \$62,000 per annum
	Two Wells – Loss of \$93,000 per annum
Future ongoing operating costs:	As above
Is this Budgeted?	N/A

RISK ASSESSMENT

There may be reputational consequences associated with closing either or both of the Centres. On average and annually, 270 customers attend the Two Wells Centre, and 82 customers attend the Mallala Centre.

However, continuing to operate the Centres will result in continued negative budget implications.

From a financial perspective, it is recommended that Council explore the option of closing the Centres. However, before Council considers a decision of this nature, it is recommended that community consultation be undertaken in order to determine the actual demand within the community for these services. It would be prudent to undertake a thorough consultation with the entire region before any further recommendations, or decisions, are made.

Attachments

Nil

DETAILED REPORT

Purpose

The purpose of this report is for the Infrastructure and Environment Committee (the Committee) to consider options, and make recommendations to Council in relation to operating the Mallala Resource Recovery Centre and Two Wells Recovery Centre.

Background/History

Council currently operate two (2) transfer stations which are available to the general public for the disposal of hard waste - Two Wells Recovery Centre on Wells Road, Two Wells and the Mallala Resource Recovery Centre at Limerock Road, Mallala.

Council, at its Ordinary Meeting on 29 January 2019 resolved as follows:-

6.3 *Adjourned Item – 18.7 - Waste Transfer Stations*

Moved Councillor Panella Seconded Councillor Strudwicke 2019/ 005

“that the Chief Executive Officer bring back a report to Council regarding the Cost effectiveness of Two Wells and Mallala Waste Transfer Stations, including in the report: the income and expenses generated from these transfer stations operations and also outline what options and recommendations council should consider for the future operation of the Two Wells and Mallala Transfer Waste Stations.”

CARRIED

Discussion

The operating income and expenses over the last 17 financial years (2001/2002 to 2017/2018) are presented below in **Figure 1** and **Figure 2**;

Figure 1: Operating Income and Expenses - Mallala Resources Recovery Centre

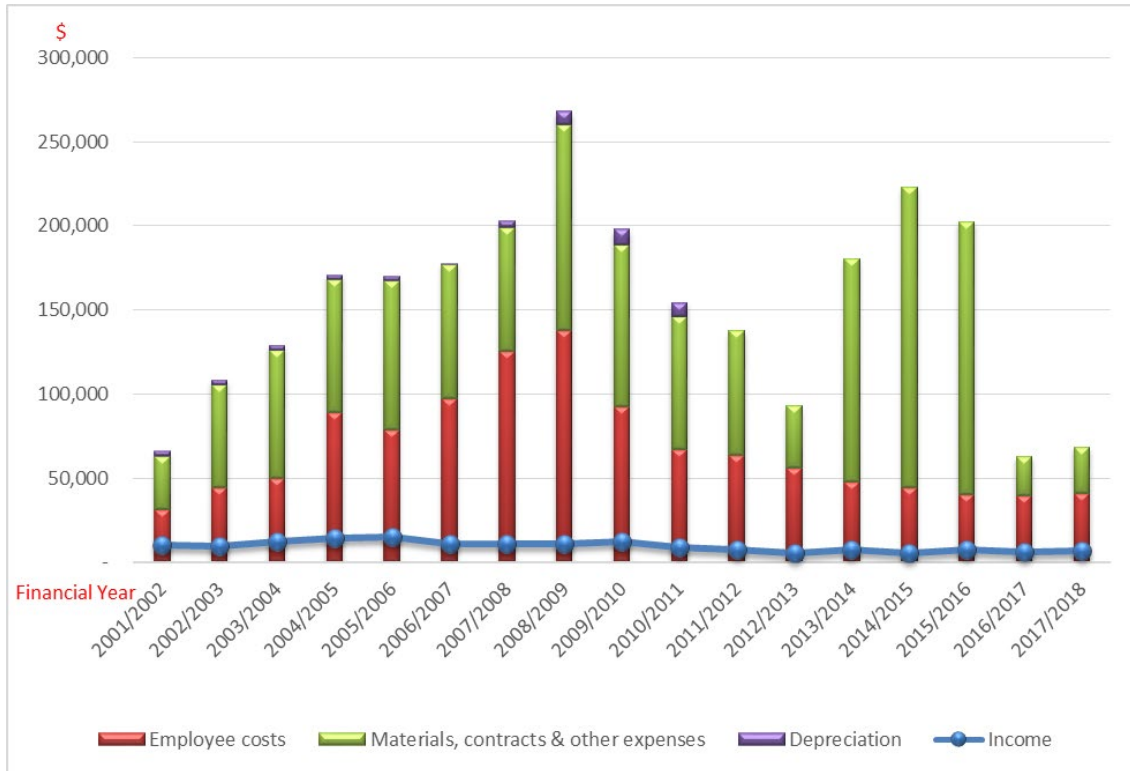
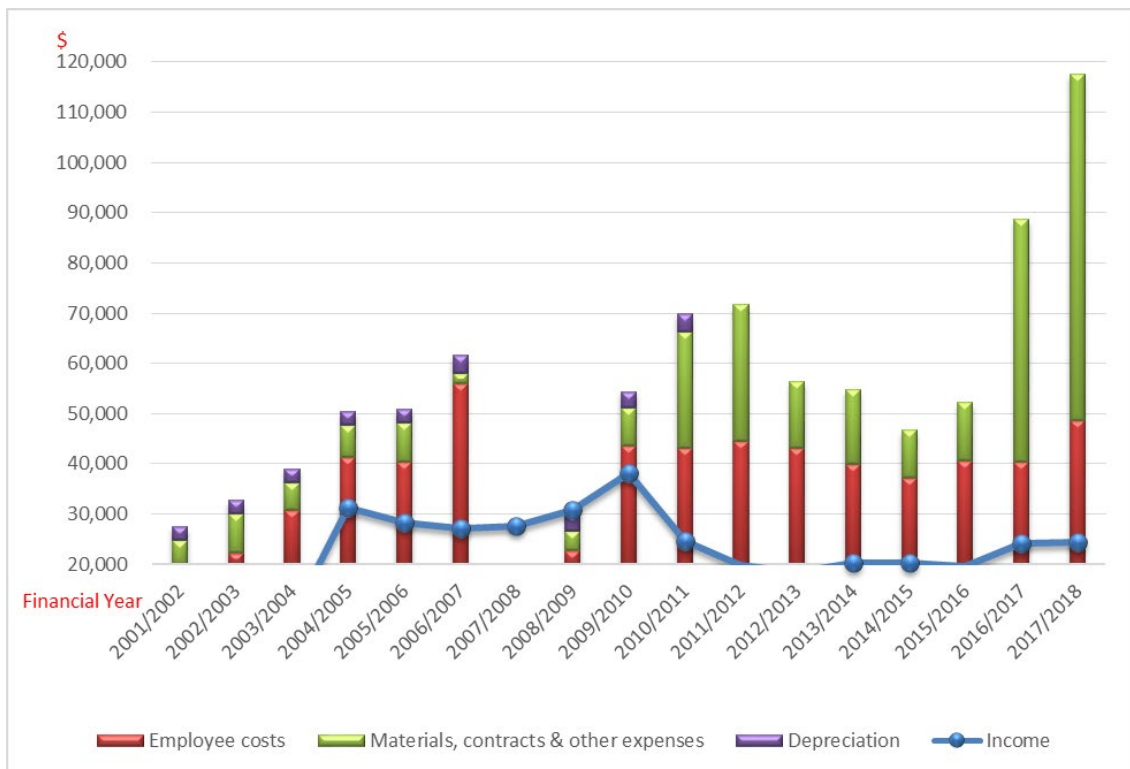


Figure 2: Operating Income and Expenses - Two Wells Resources Recovery Centre



The graphs above are based on the following data.

Mallala Resource Recovery Centre

Financial Year	Income	Employee Costs	Materials, Contracts & Other Expenses	Depreciation	Net Loss
2001/2002	10,453	31,057	31,780	3,087	55,471
2002/2003	9,561	44,244	60,945	3,087	98,715
2003/2004	12,295	49,870	75,946	3,087	116,609
2004/2005	13,928	88,601	79,413	2,700	156,786
2005/2006	14,860	78,498	88,697	2,700	155,036
2006/2007	11,083	97,423	79,488	465	166,294
2007/2008	11,017	125,433	73,776	4,152	192,345
2008/2009	10,921	137,492	122,406	8,270	257,247
2009/2010	11,976	92,428	95,854	9,779	186,085
2010/2011	8,450	66,895	78,848	8,627	145,919
2011/2012	7,651	63,729	73,698	-	129,776
2012/2013	5,406	55,835	36,810	-	87,239
2013/2014	7,220	47,319	133,196	-	173,295
2014/2015	5,375	44,403	178,697	-	217,725
2015/2016	7,447	40,176	162,192	-	194,921
2016/2017	6,241	39,613	23,410	-	56,781
2017/2018	6,663	40,771	27,660	-	61,768
Total	160,549	1,143,787	1,422,818	45,954	2,452,010

Two Wells Resource Recovery Centre

Posting Year	Income	Employee Costs	Materials, Contracts & Other Expenses	Depreciation	Net Loss/(Profit)
2001/2002	1,770	19,927	4,778	2,749	25,684
2002/2003	4,107	22,206	7,765	2,749	28,613
2003/2004	9,330	30,746	5,465	2,749	29,630
2004/2005	31,165	41,272	6,295	2,749	19,152
2005/2006	28,243	40,212	7,818	2,749	22,535
2006/2007	27,034	55,871	2,048	3,622	34,504
2007/2008	27,549	14,549	1,509	4,005	(7,486)
2008/2009	30,792	22,692	3,860	3,539	(701)
2009/2010	38,125	43,442	7,669	3,221	16,207
2010/2011	24,560	43,036	23,258	3,613	45,347
2011/2012	19,751	44,514	27,114		51,877
2012/2013	18,473	42,965	13,381		37,873
2013/2014	20,190	39,867	14,807		34,484
2014/2015	20,228	37,221	9,448		26,441
2015/2016	19,678	40,589	11,545		32,455
2016/2017	24,262	40,268	48,315		64,321
2017/2018	24,396	48,685	68,826		93,115
Total	369,653	628,060	263,902	31,745	554,054

Closure of Resource Recovery Centre's and offset with hard waste service

Operating the Centres currently results in an annual loss of \$151,000.

From a financial perspective, it is recommended that Council explore the option of closing the Centres. There may be reputational consequences associated with closing either or both of the Centres. On average and annually, 270 customers attend the Two Wells Centre, and 82 customers attend the Mallala Centre.

However, continuing to operate the Centres will result in continued negative budget implications.

Before Council considers a decision of this nature, it is recommended that community consultation be undertaken in order to determine the actual demand within the community for these services. It would be prudent to undertake a thorough consultation with the entire region before any further recommendations, or decisions, are made.

It would be prudent to undertake a comprehensive consultation process in the community to gain a better understanding of demand across the entire region.

Options

In considering the closure of either or both Centres, Council may also explore the provision of other services – outlined below.

Hard Waste Collection

If, following public consultation, Council decides to close either or both Centres, Council may also consider providing a hard waste collection service to its residents instead.

Council will need to decide who will pay for any additional service.

Council may consider absorbing costs associated with hard waste disposal, through existing rate revenue. This would likely avoid any potential negative reactions from the community in relation to closing the Centres.

Management propose that hard waste collection for townships (Mallala, Two Wells and Dublin) occur twice yearly (May/June and November/December). The frequency of hard waste collection would be determined subsequent to a more comprehensive consultation process in the community, to gain a better understanding of the demand for hard waste disposal across the entire region.

Estimated Cost:

\$31,200 per annum (based on 2 x 300 kerbside hard waste collections per year)

Privatise Resource Recovery Centres

Another option for Council's consideration is establishing private partnerships to operate either or both Mallala Resource Recovery Centre and the Two Wells Recovery Centre, or the sale of either or both Centres.

Vouchers

Council may wish to no longer provide any hard waste disposal within the area. An option to avoid any potential negative reactions from the community in relation to closing the Centres may be, to provide residents with voucher/s to nearby service centres (e.g. Northern Adelaide Waste Management Authority, or Eco Waste Solutions, both located in Gawler).

While offering an alternative, this option is likely to be considered less convenient to residents.

Estimated Cost:

\$10,000 per annum (based on 200 vouchers).

Conclusion

The Centres currently run at a significant loss. Continuing to operate the Centres will result in continued negative budget implications. From a financial perspective, it is recommended that Council explore the option of closing the Centres.

Waste services provided by Council should meet the needs and expectations of the community, and operate and manage cost effective and best practice waste management services.

Before Council considers a decision of this nature, it is recommended that community consultation be undertaken in order to determine the actual demand within the community for these services.

References

Legislation

Local Government Act 1934

Environment Protection Act 1993

Council Policies/Plans

Council Policy Title

Waste Management Strategy 2014-2020

Strategic Plan 2017-2020

RECOMMENDATION

“that the Infrastructure and Environment Committee, having considered the matter of Item 11.2 – *Resource Recovery Centres* in confidence under sections 90(2) and 90(3)(b) of the *Local Government Act 1999*, resolves that:-

- 1. The agenda item, report and any other associated information pertaining to Agenda Item 11.2 – *Resource Recovery Centres* remain confidential and not available for public inspection until further order of Council;**
- 2. Pursuant to section 91(9)(a) of the *Local Government Act 1999*, the confidentiality of the matter will be reviewed every 12 months; and**
- 3. Pursuant to section 91(9)(c) of the *Local Government Act 1999*, the Committee delegates the power to revoke this confidentiality order to the Chief Executive Officer.”**