



Ordinary Meeting of Council Attachments

3 May 2011

Attachments

Part 2

Item No.	Item Name
10.9	Green Waste Processing

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Green Waste Processing

South Eastern Organics Processing Procurement

Organics Processing Facilities Situation Paper

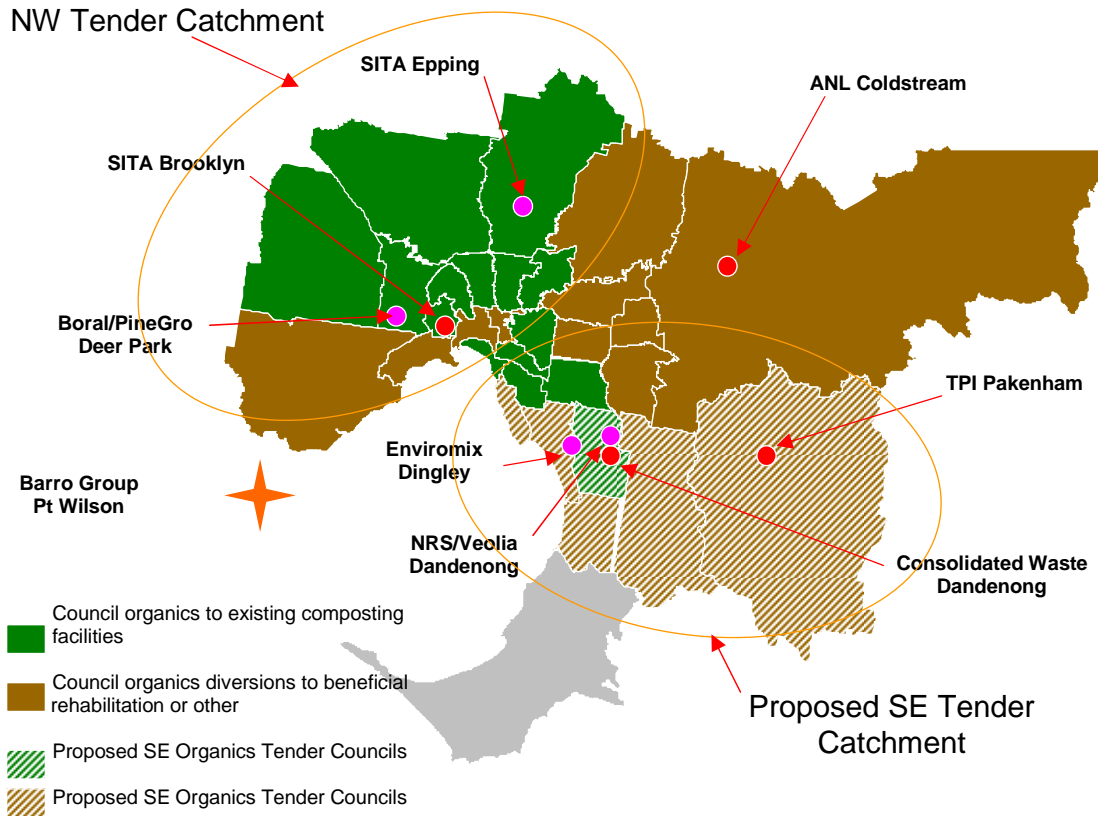
Metropolitan Melbourne Context

1. The organics processing sector in Melbourne continues to face serious challenges in the short term. Due to community pressure, generally associated with odour from composting operations (open windrow and other non enclosed technology) and subsequent enforcement actions by planning authorities and the EPA, private operators contracted to provide processing services to Councils are being forced to modify existing operations or cease operating.
2. Facilities that have closed since August 2008 are as follows:
 - a. Consolidated Waste Dandenong South processing City of Casey material (closed due to planning authority direction on a variety of non conformance issues over an extended period of time).
 - b. ANL Coldstream processing five eastern suburbs Councils material (closed due to VCAT orders resulting from community concerns principally about odour over an extended period of time)
 - c. SITA Brooklyn processing five western suburbs Councils material (closed due to changed EPA licence requirements coming out of extensive odour complaints from the local community over an extended period of time).
 - d. TPI Pakenham processing four south eastern suburbs Councils and two diverted eastern suburbs Councils material (closed due to planning authority direction principally from concerns about odour over a period of time).
3. The successive closure of the above facilities in less than two and a half years has also progressively placed more pressure on the remaining processing facilities located in the Melbourne. The following sites are operating at capacity and cannot receive additional organics without risking EPA intervention or experiencing on site operational problems
 - a. SITA Epping (processing material from six northern suburbs Councils)
 - b. PineGro/Boral Deer Park (processing material from two western suburbs and two south eastern suburbs Councils)
 - c. Enviromix Dingley Village (processing material from two south eastern suburbs Councils plus commercial operators)
 - d. NRS/Veolia Dandenong South (processing material from one south eastern suburbs Council plus commercial food waste)
4. The Enviromix, Dingley Village facility has been receiving one diverted eastern suburbs Council in addition to normal inputs recently had limits on the quantity of material to be held on site imposed by EPA following community concerns about odour. As a result the diverted Council and one other Council were temporarily diverted from the site.
5. As a result of the closure of facilities wherever practicable material from Councils (refer to the map on Page 2) is being diverted to sites for beneficial uses such as quarry rehabilitation wherever practicable, generally utilising MWMG Overflow Contract arrangements in various ways. In some cases previous operators or Councils have established transfer operations for receipt, decontamination and mulching of Council material before bulk haul to the beneficial uses. Whilst these interim arrangements provide for continued use of material they do however represent a drop in processing and quality application of recycled organics.
6. In late December 2010 a quarry rehabilitation site used under the MWMG Overflow Contract was temporarily closed on very short notice. This forced diversion of material to landfill whilst other beneficial use projects in train were fast tracked and reopening of the rehabilitation project was negotiated. Return to beneficial use of material by all Councils is expected to be in place in early February 2011. This demonstrates the difficulties that can occur under interim arrangements.

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7. The map hereunder demonstrates the situation in regard to organics in metropolitan Melbourne as at January 2011.



MWMG Facilitation of New Organics Processing Procurements

1. The Metropolitan Waste and Resource Recovery Strategic Plan (Metro Plan), released in March 2009, recognised that organics processing issues in metropolitan Melbourne needed to be addressed on a strategic basis.
2. To initiate action in this area MWMG has dealt with Council areas with the most pressing needs first.
3. MWMG organics processing contracts used by Councils in the northern and western suburbs of Melbourne were seen as the initial priority due to imminent expiry of contracts and the failure of one processing contractor in early 2009.
4. The northern and western organics processing procurement process was therefore initiated in the second quarter of 2009.
5. It was recognised that some Councils in the south eastern suburbs of Melbourne had organics processing contracts expiring in 2010 and 2011 but that the majority of Councils were contracted to TPI until 2015 (with scope for extension) and another Council had a contract in place until 2016.
6. The need for action in relation to organics processing for south eastern suburbs Councils was therefore recognised as involving new short term or extended contracts for two Councils, to establish anchor quantities for a new procurement process, with other Councils to potentially join later when current contracts expired.

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7. Addressing organics processing issues for Councils in the eastern suburbs was recognised as being complex due to an existing contract for operations at Coldstream but that facility being closed, at least temporarily, under VCAT orders.
8. Short term approaches therefore needed to be implemented in 2009 to address eastern suburbs Councils issues as there was no certainty regarding future operations or contractual issues in relation to the Coldstream Facility.

South Eastern Suburbs Councils Situation – Evolving Change

1. Organics processing approaches in the South Eastern suburbs of Melbourne have been established through either individual Council actions or Regional co-ordination. As a result there are several contracts with a range of end dates.
2. Following a tendering process by the former South Eastern Regional Waste Management Group the Cities of Bayside, Monash and Kingston in 2005 entered into direct contracts with Twigg to receive and compost green organics for which these Councils are responsible. This contract expires in 2016.
3. Under the Contract Twigg established a local drop off point for green organics in the Clayton/Dingley area and constructed a composting facility at Pakenham. This provided for composting in bays with negative aeration through a biofilter. This was considered at that time to be a significant advancement in composting technology as most other operations were open windrow. These three Councils delivered green organics to the drop off point and Twigg then undertook the composting of that material at the Pakenham facility..
4. Following a tender process Cardinia Shire in 2006 entered into a contract with Twigg for the receipt and composting of green organics from Council's kerbside green organics service at the Pakenham facility. This contract expires in 2013.
5. The business model of Twigg in relation to the composting operation was one of vertical integration with composted product being used in the Twigg soil manufacturing and supply business based in Dingley Village.
6. In April, 2007 The Transpacific Industries Group (TPI) purchased the Twigg Group, which included the composting and soil manufacturing operations.
7. The TPI business model is that each component of operations is to operate as a stand alone profit centre.
8. As a result of potential concerns with the Coldstream Compost operation Whitehorse City Council entered into a contract with TPI for the receipt and processing at Pakenham of approximately one third of its kerbside green organics quantity initially. Subsequently this expanded to its entire kerbside green organics quantity after closure of the Coldstream Compost facility under VCAT Orders in October 2008 and failure of Green Planet the (then) operator of the Epping Composting Facility in January 2009.
9. Yarra Ranges Shire Council also entered a contract with TPI for receipt of kerbside bin based collected green organics and composting at the Pakenham Composting Facility. This arrangement was necessary as Yarra Ranges was unable to use the Coldstream Compost Facility from commencement of its bin based green organics collection system due to EPA restrictions and the Consolidated Waste Composting Facility that it had been using for a period of time was closed in November 2009 due to planning issues.
10. In early 2010 the arrangements for Yarra Ranges green organics (kerbside bins and bundled) receipt by TPI was altered to be through the MWMG Overflow contracted arrangements.
11. The Greater Dandenong City Council green organics processing contract with NRS was due to expire in 2009, this was subsequently extended through approval by the Minister for Local Government until 1 April 2013.
12. The Casey City Council green organics processing contract was due to expire in mid 2011. As a result of closure of the Consolidated Waste processing site in November 2009 MWMG assisted Casey City Council by enabling Consolidated Waste to use an MWMG

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Overflow Contract arrangement for beneficial use of green organics and Council provided its Cranbourne Transfer Station as the site for receipt, decontamination and mulching of collected green organics.

13. Following discussion of options available to Casey City Council for organics processing beyond mid 2011 MWMG agreed that Council could use an Overflow arrangement for receipt and beneficial use contracted by MWMG for a two year period.
14. Extension of the Casey and Greater Dandenong organics arrangements provided scope for a viable organics processing procurement to be facilitated by MWMG with scope for other Councils to join the contract subsequently.
15. In 2010 the closure of the Pakenham Composting Facility by TPI, as a result of potential planning action due to odour issues, changed the needs to be met in regard to organics processing for south eastern suburbs Councils.
16. In response MWMG provided assistance to TPI by allowing use of MWMG Overflow contractual arrangements for beneficial use of green organics from Councils contracted to TPI so that services could continue to be provided to those Councils.
17. This arrangement operated effectively until odour concerns were raised by EPA in relation to the Clayton receipt site in late 2010 and subsequently the quarry rehabilitation site under the MWMG Overflow arrangements temporarily closed in December 2010.
18. These events have changed the imperative of the South Eastern Organics Processing Procurement process that was initiated by MWMG in September 2010.

Organics Issues Impacts on Key Stakeholders

1. Operators, Councils and Government Agencies are being impacted by organics issues as follows.
 - a. Commercial viability at a growing number of facilities is being threatened, creating contract default risks.
 - b. Councils are being confronted with additional unplanned costs as they consider diversion options at additional costs or legal remedy because of contract default.
 - c. Communities continue to place organics into their regular kerbside collection bins in the knowledge that this material is being converted to the appropriate standards for a higher beneficial use than landfill. It is a community expectation that their Council is ensuring this occurs.
 - d. Government agencies such as MWMG, Sustainability Victoria, EPA and Department of Sustainability and Environment have charters to improve the communities' environmental footprint. In this process Councils individually and collectively are Government agencies partners and look to those organisation for support and assistance to help them develop and deliver environmental programs in support of the shared environmental objectives.

Actions to Assist Stakeholders

Short Term

1. Short term arrangements have been put in place through overflow contracts to provide organics diversion options for Councils affected by facility restrictions or closures. The Barro Group quarry rehabilitation which was being utilised by at least 15 councils in part or whole with an estimated 100,000 tonnes plus of material being transported to the site was the major outlet established. This operation, whilst useful and beneficial, is the least preferred beneficial use for recycled organics. It is a 'minimalist' approach involving a basic sort/decontaminate, shred and spread in 300mm to 400mm layers operation over quarried land to reintroduce organic material for future landscaping purposes.

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2. Projects utilising green organics in weed control trials on farms are also being brought on stream. These projects, which are supported by Department of Primary Industries, provide short term scope for use of green organics.
3. Some operators of existing facilities in metropolitan Melbourne have also been contracted under the overflow arrangements but most are for receipt, decontamination and mulching with use of the resultant material being dependant on beneficial uses under other overflow arrangements for much of the year.
4. An overflow arrangement is also in place which is providing for backloading of limited quantities of green organics to Mt Gambier for composting.
5. Development of other arrangements is also continuing to be pursued.
6. MWMG is also working with key stakeholders to seek to resolve the ANL/Coldstream site issue with the expectation of reducing the dependence of the five eastern suburbs Councils on Overflow arrangements.

Medium to Long Term

1. In the medium to long term action is being facilitated by MWMG for higher technology organics processing facilities to service the eleven Councils in the northern and western suburbs of Melbourne.
2. The Preferred Tenderer for this project was appointed in October 2010 and approval processes for new facilities are now proceeding. It is not expected that the resultant facilities will be operational until early to mid 2012.
3. The next project has been commenced. This is to work with seven Councils in the south eastern suburbs of Melbourne with a view to achieving a similar outcome to the northern and western project. This project was initiated in September 2010.

South Eastern Suburbs Councils Organics Processing Procurement		
Timetable for Tender Decision Making	Adopted 2 March 2011	
Step	Target date/s	Duration (Where Relevant)
Council CEO Briefing on Process and Council Commitment	24 March 2011	
Councils in principle commitment to participate	1 April 2011	
MWMG Board Approval to Tender	27 April 2011	
Advertising of Tenders/Release of RFT	18 May 2011	4 months
Tenderer briefing(s)	25 May 2011	
Formal Council commitment to participate (MOU Executed by Council and MWMG)	13 June 2011	
Closing date for submission of tenders	19 September 2011	
Round 1 evaluation of bids (shortlisting for further evaluation)	19 September to 4 November 2011	6 weeks
Round 2 evaluation of bids (Interviews, inspections, referee follow-ups)	7 November to 28 January 2012	10 weeks (excluding 2 weeks in Christmas New Year period)
Tender Evaluation Panel Report Preparation and Review by Evaluation Panel and Working Group	30 January to 13 February 2012	2 weeks
Final Report to Working Group	20 February 2012	1 week
Briefing to CEOs of Preferred Tenderer	7 March 2012	
Resolution of Preferred Tenderer by MWMG Board	18 April 2012	
Resolution of Preferred Tenderer by Participating Councils	April to mid June 2012	Council meeting cycles control
Announcement of Preferred Tenderer	29 June 2012	
Participating Councils authorisation of final draft Participation Agreements	July to August 2012	(Council meeting cycles control)
Preferred Tenderer Obtaining Relevant Statutory Approvals for Facility/Facilities	July to December 2012	6 months
Detailed negotiations and final contract documentation preparation (under delegated authority to CEO)	November 2012	3 weeks
Contract signing or confirmation of Preferred Tenderer pending Statutory approvals being achieved	December 2012	
Construction and Commissioning of Facility(ies)	December 2013	12 months