

OPENING

Motion presented on 10th June 2008.

Motion debated on 24th June 2008.

Mr. Mayor, thank you and I wish to have my debate on this important motion recorded in the minutes.

Await vote by council.

Mr. Mayor, fellow councillors, fellow executives and, ladies and gentlemen, this motion is very important to the City of Canning.

I like to thank the ratepayers in the gallery for attending tonight's meeting. For your information, under the Standing Orders for City of Canning, I am only allowed to speak for five minutes in the opening of the debate.

The time is now 6.....pm.

AGREEMENT

The Southern Metropolitan Regional Council, known as SMRC is a regional council formed with the approval of seven councils, namely City of Canning, City of Melville, City of Cockburn, City of Fremantle, Town of East Fremantle, City of Rockingham and Town of Kwinana.

Under the Local Government Act 1995, to form a regional council, an "Establishment Agreement" is required. Each council is then known as a "participant". This Establishment Agreement is a confidential document but I can say that it was approved on 22nd April 1998. For City of Canning, it was signed by our current Mayor, Dr. Michael Lekias.

One very important point in the Establishment Agreement stated in Section 4, and, quote "The regional purposes for which the regional council is established are to plan, coordinate and implement the removal, processing, treatment and disposal of waste for the benefit of the communities of the participants". Unquote.

Thus, it is for waste management and nothing else.

Now, there is a second agreement called "Project Participants Agreement" which is the agreement that sets up the Regional Resource Recovery Centre in Canning Vale, known as RRRC. This agreement has only has five participants, whereas the City of Rockingham and Town of Kwinana are not in it. Again, it was signed by our current Mayor, Dr. Michael Lekias and it was legal on 12th April 1999.

Various SMRC members and executives travelled the world to look for a suitable processing plant. Somehow, it was settled on the "Bedminster Process" modelled on a facility in Cobb County, Georgia. USA.

Our current Chief Executive Officer, Mr. Dominic Carbone, was instrumental in lobbying SMRC to locate the RRRC plant at the end of Bannister Road where it stands today. The RRRC plant commenced operations in mid 2003.

Participant councils can withdraw from the "Establishment Agreement of SMRC". Under the terms of withdrawal, it is written in such a way that if the City of Canning puts in its notice next month, it will take two years to actually take effect.

That is why it is important for it to be considered today.

RESIDENTS

Within a few months, residents were already noticing this foul, pungent odour within their neighbourhood. The odour problem was basically coming from a brand new plant. The residents, through no fault of their own, had a stinking factory placed on their doorstep. No consideration was given to the fact that the residents had already been living in the area for about two decades.

Residents from the City of Canning suburbs of Leeming, Willetton and Canning Vale have long complained for over 4 years about this stench. The residents feel that their suffering is being ignored and are treated with contempt. It has now got to the stage where SMRC has no credibility among the residents. I mean, "Why is it that odour complaints go to the body that causes them? "Why has there been so much misinformation put out by SMRC?"

SMRC had long denied that the odour is not coming from them.

In May 2006, the odour consultant "The Odour Unit" (TOU) released a report that the foul odour is coming from SMRC. It recommended changes to the duct work of the odour management system. SMRC obtained \$2.4 million funding to carry out rectification works.

According to Information Item 4.1 of SMRC July 2007 meeting, the Department of Environment and Conservation (DEC) advised SMRC in part, quote "That the DEC is satisfied that the SMRC has met the commitment of Odour Control System Review, May 2006". Unquote. Then, why are the residents are still here, two years later, still fighting about this rotten odour?

Trust me, there is something fundamentally wrong with SMRC as you will all learn shortly.

RRRC PLANT INFORMATION

I worked for SMRC as a maintenance engineer in 2006. After a short while, as my understanding of the Bedminster Process developed, I was appalled with what was going on.

The Bedminster Process works on the basis of Aerobic digestion. This means, it relies on the compost being aerated because these certain types of bacteria require oxygen to thrive. You need certain bacteria to break down the compost. Thus, the Bedminster Process recommends that the compost piles on the maturation floor should not be above 2.1 metres to avoid compaction and be turned over approximately every three days to aid aeration. However, I noticed at the time, that the compost piles were over 3 metres high and the warehouse was so full, leaving no room for the Turner Machine to turn the compost over. It was very clear no air was getting into the compost piles at all. Hence, it is clear that the Bedminster Process was not being followed at all.

Also, in my professional experience, Air Changes per Hour (ACH) of industrial buildings should be at around 8 to 10 ACH. As far as I can recall, the Bedminster Process did ask for 8 ACH and that this figure aids in achieving negative pressure in the buildings. The design figures of the two main buildings that I checked were that the maturation floor building was only 4 ACH whereas the tipping floor building was 8 ACH.

In my opinion, it is clear that SMRC are not really interested in Waste Management, just keep the tonnages coming in through the door which equals revenue and just chuck it into the maturation building. SMRC cannot produce saleable

compost as per Australian Standard specification AS4454-2003. There is no revenue coming into SMRC for the compost it produces. SMRC pay a company “Custom Compost” to take their compost away. So, the purpose the Establishment Agreement is not being met. There are no benefits for the communities of the participating councils.

As a professional maintenance engineer, it was not possible to properly maintain a plant that firstly had an under designed odour air removal capacity and secondly, did not follow the Bedminster Process which meant the biofilters could not work in an anaerobic (i.e.: no aeration) process.

From a professional viewpoint, I was unable to keep working in an organisation that ignored professional standards and was so poorly managed.

CONTACTS

I have since researched council files for 2006 and found that the City of Canning on 20th June 2006 voted against the Motion CM 094-06 which (d) and (f) asks for approval of extra debt levels to SMRC. SMRC threatened the City of Canning that if the money was not approved, they’ll get a loan and bill the City of Canning anyway. (See Minutes 22nd August 2006).

The same motion was put up to council on 11th July 2006 and was deferred, but somehow the motion intent was passed notwithstanding that it was apparently in breach of Regulation 10 of the Local Government Rules.

After leaving SMRC in October 2006, I wrote a report regarding the odour.

In December 2006, DEC shut down the RRRC plant. It was closed for six weeks. To the surprise of many residents, it was reopened without any public consultations. In March 2007, DEC threatened to close them down again but SMRC voluntarily shut down. This meant they will gradually resume operations without having to have approval from anybody.

I’ve been to a few City of Council meetings in early 2007 where the issues regarding SMRC were discussed. Mayor Lekias commented at one of those meetings that he had been to the RRRC plant and had not detected any smells there. It seems the Mayor didn’t want to know about the foul odour issue. He was the City of Canning’s representative to SMRC from its early days to late last year.

The point I want to make here is that SMRC has enjoyed uncritical support and it seems there was no political will to make SMRC accountable.

Sorry to say that you residents did not count. It was at this stage, I decided to join the council at the next election and see if I can do something about it. I strongly believed that the residents were not having their concerns taken seriously and I thought this is not right, not from what I knew was happening as I’ve described to you.

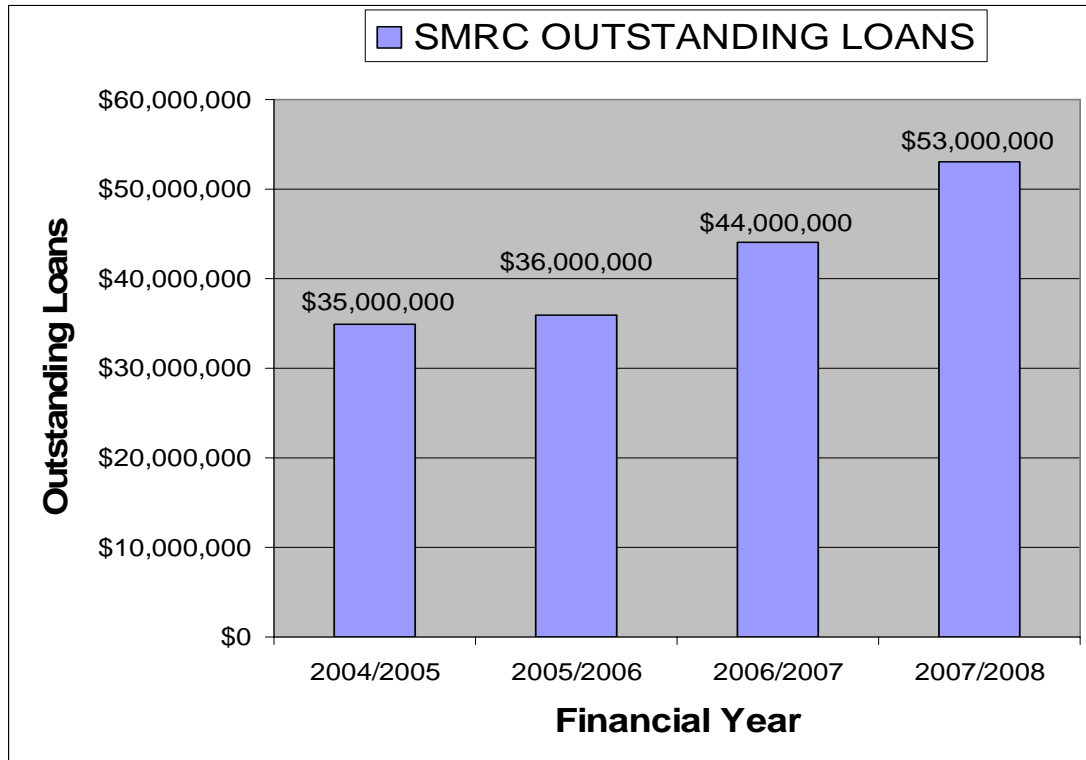
FINANCES

It is known that SMRC are continually asking for higher contributions from the participants. I find it amazing that the other six participants have never had any issues with SMRC.

SMRC treatment plant in Canning Vale was built for a cost of \$40 million in 2003; then SMRC sought extra funds to increase the borrowing limits to \$47.5 million in 2005 and then had the borrowing limits increased again to \$55 million in 2007.

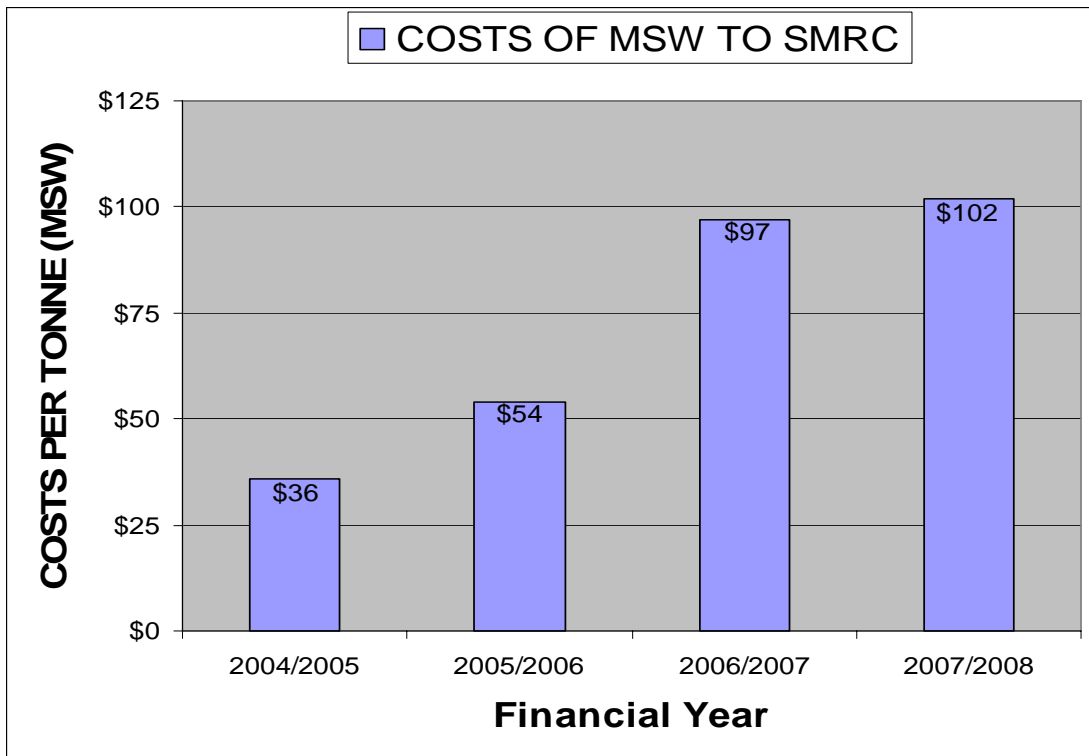
As of this financial year, it now stands at \$53 million of which the City of Canning, as a member of seven other councils, is liable for 28% of it which equates to \$15 million. This is the “participant” debt currently being carried.

A graph shows the steady increase in the SMRC outstanding loans.



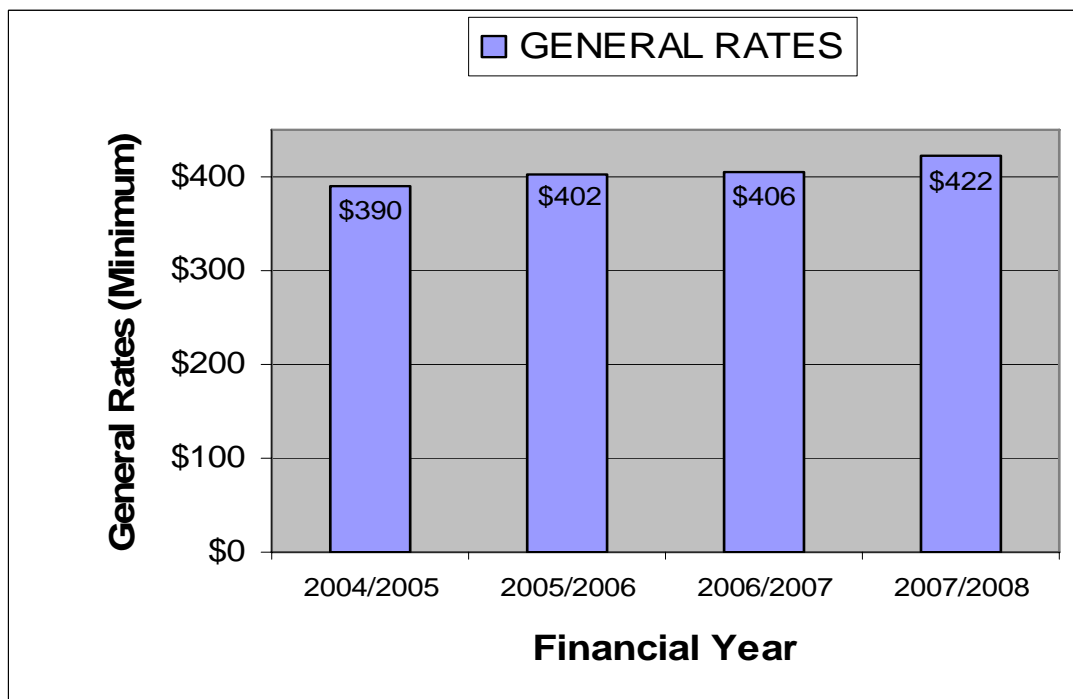
SMRC “gate fees” of receiving Municipal Solid Waste (MSW) has gone from \$36/tonne in 2003 to \$102/tonne in 2007. This is a massive jump in SMRC revenues, almost tripling it, and yet their loan borrowings have also increased.

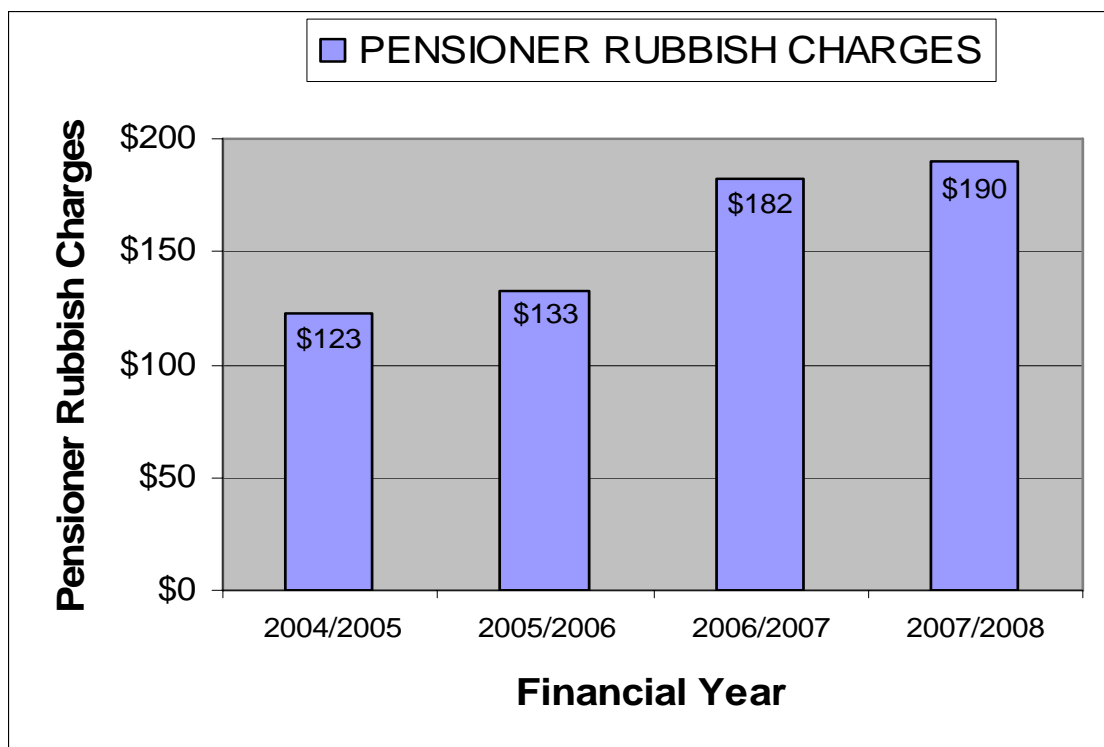
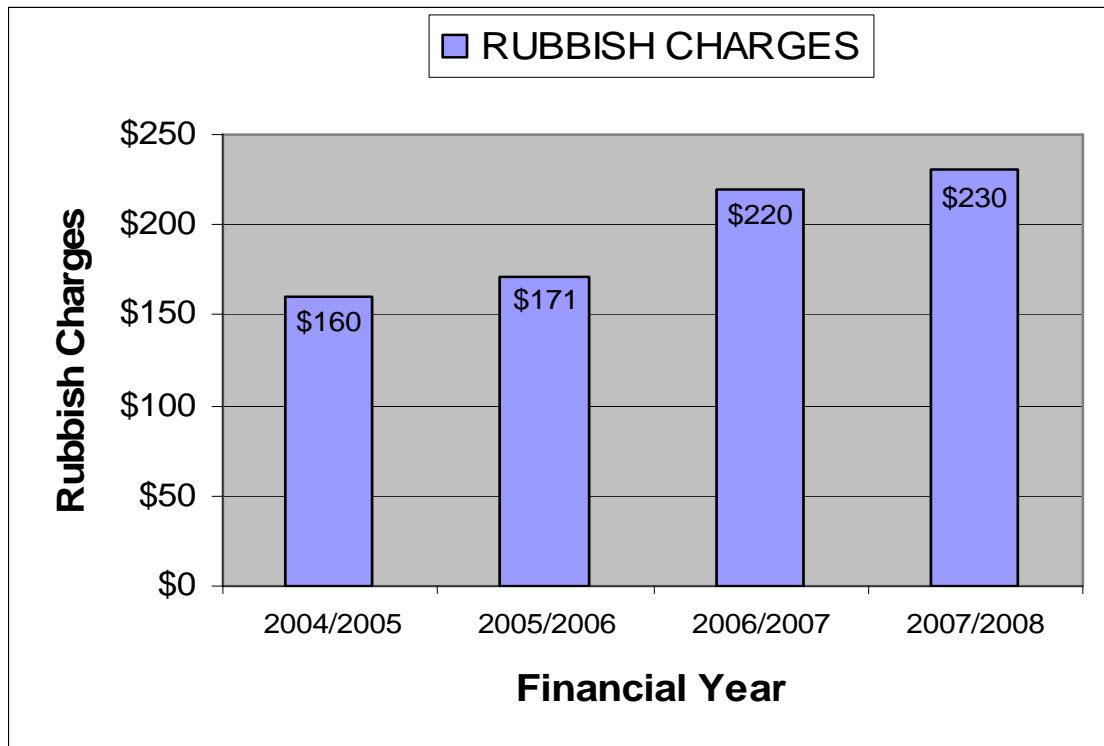
A graph shows the steady increase in SMRC “gate fees”.



SMRC demand for municipal funds has seen massive increases in the “Rubbish Charges” part of the rates. Compared to general rates (minimum basis), where there has been an 8% increase over a four year period, the rubbish charges have gone up 44%. For the pensioners, it is much worse where it has gone up 54%. In particular, the concessions for pensioners were abolished in the 2006/2007 financial year.

Three graphs show the increases of the ratepayers’ rates.





For comparison, the costs of MSW disposal can be reduced by almost half if it is sent to Northam which already includes the transport costs.

A graph shows the comparison of disposing MSW at four other landfill sites.



One may argue that for the sake of the environment, one may pay a little extra but should it be acceptable at these astronomical rates of increase in our municipal rates?

In my opinion, it is clear that there is no fiscal accountability on behalf of SMRC. There seems to be no end in sight on how SMRC can be viable and repay its outstanding loan debts, especially with no income for their compost product.

SMRC

The reality is that what SMRC is doing is worse than landfill. It has created foul odour and affected the health of the residents. I mean, the residents are really suffering from foul odour as a result of poor management of the RRRC plant by SMRC, not because of technical and operational difficulties.

The chairman of SMRC recently stated in "The Canning Times" on 17th June 2008, quote "To suggest other communities should deal with our waste is an unsustainable approach." Unquote. I don't disagree with the suggestion. I am not suggesting the City of Canning force its waste on any other community or dispose of its waste in an irresponsible manner. It is that the residents living around the RRRC plant are, in fact, accepting other participant's waste in their backyard.

Just for all your information, the waste treatment facility at Cobb County in Georgia USA has now closed down. The authorities have spent some \$60 million to alleviate its odour problems and it's just unviable.

COUNCIL

Mayor Lekias. 1991. Cr. Delle Donne 1991. Cr. Elliott 1991. Cr. Clarke 1991. Cr. Mason 1993. Cr. Morgan 1995. Cr. Wibberley 1999. You all were here when the Establishment Agreements were signed. I am not against you for accepting that because the concept was good, try to reduce landfill and help the environment.

Cr. Daly. 2001. The design of RRRC plant was well underway. Cr. Barry. 2003. RRRC plant commenced operations.

Cr. Olsen and myself. 2007. New incumbents elected on this odour issue among other things.

What I am critical about is the failure of SMRC council representatives to monitor SMRC senior management and its operations and following that, the failure of all participants to monitor SMRC and ensure it is observing its responsibilities.

True, that the City of Canning councillors raised issues in 2006 as mentioned earlier. SMRC got away with it, primarily with lack of political will by the other participants and some public authorities. We are at this point again, hopefully all the wiser, and from my standpoint, I do not want to see SMRC create more misery upon the residents in the South West corner of the City of Canning.

If this motion is not passed today, we will have to be with SMRC for a minimum of a further two years. If we pass this motion, the line is drawn in the sand that we are disassociating ourselves from SMRC in twelve months.

As per the Establishment Agreements, the City of Canning, in leaving SMRC, will inherit a \$15 million liability bill, and if the municipal waste is sent to Northam, which is the cheapest option at this stage, the City of Canning will be able to pay off this loan within twelve years purely from the savings generated with the difference in “gate fees” of Northam and SMRC.

The longer the City of Canning lets this odour issue persist, the more the whole problem will cost us both in terms of escalating costs and causing health and nuisance problems for the residents.

There is also the concern that the City of Canning might be exposed to legal liability through its participation in SMRC if the long suffering residents will be able to establish a link between their health and SMRC’s foul odour. Then, there may be a class action.

If resident Phil Nixon’s letter is correct as in “The Canning Times” on 22nd April 2008 where 3,000 homes are acceptable “collateral damage” and assume they’re each successful for say \$200,000 compensation claim, that will equate to \$600 million.

I urge my fellow councillors to seriously consider the implications of this motion to the City of Canning, the history behind it and the prospects for the future and vote in favour of the motion.

Thank you.

Councillor Boots
City of Canning
24th June 2008.