

### 3. RECOVERED MATERIALS FOUNDATION - CANTERBURY WASTE MINIMISATION REPORT

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The purpose of this report is to provide the necessary background information and a summary of the process involved in developing the attached contract for services between the Recovered Materials Foundation and Canterbury territorial authorities.

#### 1. BACKGROUND

The Canterbury Joint Standing Committee (CJSC) was formed in May 1999 to develop a co-ordinated approach to waste management throughout the region. The initial focus of CJSC was residual waste disposal through a regional landfill. This has provided benefits for all participating Councils through developing highest environmental standards for landfill management, and maximising control of commercial wastestream volumes and information.

The second focus of the CJSC was to look at how this type of approach could be applied to waste minimisation initiatives throughout the region. The 10 territorial authorities are all signatories to the Regional Waste Management Agreement to work together towards promoting waste minimisation. The reality is wider than just minimisation though, as differential charging schemes, waste levies and development of Waste Management Plans need a regional focus/co-ordination to maximise the effectiveness of waste minimisation at both regional and local levels.

The CJSC engaged the RMF to assess and report back on the effectiveness of existing waste minimisation initiatives operating in Canterbury in order to determine how best a regional approach could work for maximum benefit of all participating territorial authorities. The final draft report was presented to the CJSC in May 2001 and the Executive Summary is attached. The CJSC accepted the key findings and outcomes in Part One, but felt it would be premature to adopt the Part Two conclusions without further discussion. Consequently a working party was set up to address this, comprising elected members and waste officers from seven of the 10 Canterbury TLAs.

An initial goal of the working group was to develop a draft regional waste plan. The purpose of this is to achieve consistency in information sharing and complementary local waste management plans, as a key finding for the RMF report was that no district operates in isolation and waste will flow to the lowest disposal cost across territorial boundaries. However, as the territorial authorities were at differing stages in developing their waste management plans and there was urgency for some to have working documents developed as soon as possible due to existing and pending recycling collection services, attention was focussed on developing a draft contract to address all issues raised.

The attached draft contract is the result of this process which has been very protracted, due to the need to address a key range of issues.

#### 2. RMF CONTRACT FOR SERVICES WITH OTHER TERRITORIAL LOCAL AUTHORITIES

Points of note and issues that needed to be addressed in the development of this contract were:

##### 2.1 Limits of the Contract

This contract is a practical working document dealing only with specific materials to be recovered for recycling. It does not include any overheads or contribution towards business development or education. The RMF will, however, provide feedback and samples of recycled materials for local use, information and development. Likewise, handling and processing of additional materials not covered in this contract (for example: NiCad batteries etc) will be dealt with through separate contracts if there is a known on-going net cost.

While the principal agreement is with territorial authorities, this does not preclude the option for local businesses and operators to process and/or market their materials through contract to gain benefits of collective marketing, provided it goes operates through their local council.

The contract does not deal with any governance issues or representation of territorial authorities on the RMF Board of Trustees. Issues such as these will be dealt with separately at a later date.

## 2.2 **The Importance of Accommodating a Diverse Range of Needs by the Different Territorial Authorities**

The report found that there is a unique mix of service providers operating in each local authority. This situation has evolved in line with each territorial authority's own situation and circumstances. The contract needed flexibility to accommodate differing needs of these organisations to augment local operations. For example, some territorial authorities may require total processing services for recovered materials, whereas others may only need the stability and access to markets achieved through a collective marketing.

This has been addressed through transparency of sorting, processing and marketing costs, with the potential to provide a better return to Councils depending on the degree of local sorting and processing undertaken by them.

Likewise, a clause was inserted to allow for exceptions to the "whole bundle" principal which requires all materials, not just the problematic hard-to-market ones, being cooperatively managed through the RMF. This would allow local uses and operations for such materials to develop if feasible and/or desirable in any particular locality.

## 2.3 **Market Stability through Materials Equalization Fund**

The RMF has established reserves for the sole purpose of subsidising any losses incurred due to fluctuating markets. This is now set at a prudent level and other Councils are not expected to contribute to the historic development of this fund. However if markets drop and the fund is used, they will be expected, pro rata, to top up their contribution to the fund when markets and returns improve.

## 2.4 **Sustainable Development**

The RMF is a not for profit trust set up by the Christchurch City Council to contractually deliver on a range of social, environmental and economic outcomes resulting from increased recycling and reuse activities. Quantifying these outcomes has been greatly assisted through triple bottom line reporting procedures recently adopted by both the CCC and the RMF. Markets for recovered materials and market development are thereby driven by long-term sustainable outcomes rather than maximising short-term financial return. This will result in secure long-term markets for materials, increased employment opportunities and more sustainable resource utilisation in Canterbury. While the RMF operates in a commercial environment and needs to provide a financial return for itself and its partners, there is the potential for a perceived loss of revenue by Councils as markets fluctuate. This is largely addressed by the RMF through a range of different type of contracts to maximise both the spot market and long term supply contracts. Market decisions are made against social, environmental and economic criteria and results and progress will be reported annually through a triple bottom line report. All partner Councils can use this information to provide feedback to their citizens.

## 2.5 **Quality Control of Materials**

Auditing, tracking and reporting systems has been developed to ensure that different Councils providing materials will receive maximum benefit from the composition and quality of materials received for processing and/or marketing. (Initial plans were to collectively process all materials and give a percentage return to contributing Councils for the total "bundle"). This provides a fairer system for those that may supply the more "valuable" materials and those that may supply predominantly less valuable materials, or ones that on their own may result in a net cost – such as glass.

**Recommendation:** For discussion.

### **Chairman's**

**Recommendation:** That the draft contract be referred to member councils for comment and report back.