

10.3 Carbon Park Strategy and Options

Proposal to redevelop Lonsdale Landfill site and associated buffer land, which is owned by Council, as part of the Carbon Park concept. The land is excluded from Community Land and is zoned General Industry.

This is a new proposal, concept or issue.

General Manager: Bruce Williams, General Manager, City Projects
Brian Hales, Group Manager, Economic Development

Report Author: Ian Field, Asset Planner Acquisitions And Disposals
(ianfie@onkaparinga.sa.gov.au)
Justin Wynn, Economic Development Officer
(Environmental Industries) (juswyn@onkaparinga.sa.gov.au)

Contact Number: 8384 0085
8384 0069

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Attachments: Attachment 1 : Land Options (1 Page)
Attachment 2 : Carbon Park Conce`pt (1 page)

1 Executive Summary

Topic

Proposal to redevelop Lonsdale Landfill site and associated buffer land, which is owned by Council, as part of the Carbon Park concept. The land is excluded from Community Land and is zoned General Industry.

Context

The recent announcement of the closure of Mitsubishi production facilities at Tonsley Park has highlighted the need to more strongly resource the Southern Adelaide Economic Development Plan. With the potential loss of a significant part of our industrial skill base there is the need to develop business capacity to absorb these skills. Integral to this is the targeting of future growth sectors such as Environmental Industries and the provision of sufficient employment land to accommodate this growth.

The Plan identifies one of the main constraints to economic growth is the availability of employment land.

The Lonsdale Landfill site is one such parcel which, through its location and tenure arrangements is well placed to assist in addressing this constraint and realise this strategic development opportunity.

Suggested Outcome

That Council approve in principle the development of the Lonsdale Landfill site and associated buffer land in support of the Southern Adelaide Economic Development Plan strategic objective of creating additional industrial employment land. In this case it would be for the establishment of a Carbon Park to attract and develop businesses in the targeted environmental industries sector.

Recommendation(s)

- 1) (a) **That under the provisions of Section 90(2) of the Local Government Act 1999 an order be made that the public be excluded from attendance at the meeting in order to consider in confidence this item.**
- (b) **That the Council is satisfied that it is necessary that the public be excluded to enable the Council to consider the report at the meeting on the following grounds:**
 - **Section 90(3)(d)(i)(ii) commercial information of a confidential nature (not being a trade secret) the disclosure of which -**
 - (i) **could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and**
 - (ii) **would, on balance, be contrary to the public interest;**
- (c) **That accordingly, on this basis the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to keep the information or discussion confidential.**
- 2) **That Council approve in principle the development of the Lonsdale landfill site and associated buffer land being Piece 50 Deposited Plan 47185, Certificate of Title Volume 5890 Folio 493 for use as an integrated industrial development consistent with the Carbon Park concept.**
- 3) **That the Chief Executive Officer be authorised to undertake investigations to determine the viability of the Carbon Park concept.**
- 4) **That the Chief Executive Officer be authorised to enter into a new lease arrangement with Lonsdale Landfill Pty Ltd to achieve the land profile required for the Carbon Park concept.**
- 5) **That, once the outcome of investigations are complete, a further report be presented to Council outlining the detail of the Carbon Park development.**

- 6) **That an order be made under the provisions of Section 91(7) and (9) of the Local Government Act 1999 that the abovementioned document (or part of such document) including the minutes and the report of the Council relating to discussion of the subject matter of that document, having been dealt with on a confidential basis under Section 90 of the Act, should be kept confidential on the grounds of information contained in 90(3)(d)(i)(ii) until the Carbon Park concept has been fully investigated and endorsed by Council.**

Direction

Strategic/Corporate Direction

Council's Creating our future 2002 – 2005 strategic document under "Turn waste to wealth" states in part that Council will;

"Support the growth of new and existing industries to convert waste into a valued resource, including:

- *identifying opportunities to create new industries that reduce, reuse, and recycle waste*
- *support existing businesses and industries to make better use of resources*
- *identifying uses for materials currently going to landfill as well as collection and treatment options, particularly for green waste"*

The Southern Adelaide Economic Development Plan, which was developed in 2006/7 in consultation with Government and the business community, undertakes to create additional employment land. It also specifically targets the Environmental Industries Sector for development.

Council's Role(s)

Leadership

Appendix 1 of Council's Policy, Land use and built form – Physical asset management states at point 2:

"Council will demonstrate leadership by adopting a strategic approach to quality asset management processes and practices with strong links to Council's strategic, financial and corporate directions. This includes the development and regular review of specific strategies, action plans, priority setting and procedural guidelines covering acquisition, disposal, maintenance, operations, risk management and funding of City wide assets."

Owner/custodian

Section 4.5 of Council Policy states (in part):

“Council will protect and make the best use of the community’s assets in a way that ensures the greatest possible benefit to the community (environment, economic and social).”

Sustainability

Economic

Demand for land for environmental industries is already evident and the Economic Development Unit is currently tracking over 30 potential new investments in this sector. We are receiving regular enquiries regarding suitable land – especially in a themed setting alongside other carbon reducing businesses. The Unit is currently exploring potential private sector partnerships to assess the business case for the Carbon Park and to obtain recommendations on how to market and manage it.

Environmental

The current landfill operation overlies the former Noarlunga Council rubbish tip. Part of any redevelopment of the site be it bush land or industrial will include environmental and geotechnical investigations into the nature and extent of the old tip in accordance with EPA requirements. Suitable management strategies will be implemented to ensure proper compliance with environmental requirements, which will be articulated through a detailed Landfill Post Closure Plan

Financial

Council is currently receiving \$40,570 per annum in rental for this property, which is approximately 0.3% return on capital employed. Significantly improved earnings from future sale or lease options are possible. Investigations into the viability of the Carbon Park in coming months will include detailed financial analysis of the project.

Key Factors

Discussion

Carbon Park

An industrial development to be branded the Carbon Park is being proposed to host the next generation of environmental industries - that is industries that directly or indirectly reduce greenhouse gas emissions or reduce dependence on fossil fuel. It will meet growing demand for these low-carbon industries and brand southern Adelaide as the new destination for investment in this new sector.

So just as Port Stanvac was an icon for industrial development in the South in the 1960s and 1970s the Carbon Park will be symbolic of our region’s leadership in new low-carbon industry.

The Carbon Park will have six components, the first being relevant to this report:

- New industrial land for low carbon industries. The project may be located at several locations in the region but recent studies have indicated Lonsdale as the preferred location for the precinct. Council will make available 28.5 hectares of land adjacent to and including the Lonsdale Landfill as stage 1 of the initiative. Subject to demand other privately-owned land to the south and west, including possibly portions of the Mobil land, will be brought under the Carbon Park branding (See **Attachment 1**);
- National marketing program. The project will be branded as Australia's new nexus for low carbon industries. It will also be marketed through the following:
 - Incentives for inward investors;
 - Clustering benefits (skills, access to R&D facilities, access to off-grid green energy, biofuel, and recycled water); and
 - Product exposure for participating companies through low-carbon showcase facility.
- Skills development and training in new technologies and trades around low carbon products. Through joint initiatives with Adelaide's three universities and other educational institutions linked to a National research network, the Carbon Park will develop an Environmental Industry Skills Centre especially for installation training for new renewable sources like wind, water and solar technologies and new trade skills accreditation around emerging low carbon products;
- Carbon Centre. – A demonstration centre to inform and raise awareness of consumers towards low carbon products and processes. In order to raise consumer awareness and at the same time expose new products to the market, the Carbon Park will have a space to showcase alternative low emissions products and technologies;
- Industry engagement on climate change adaptation and mitigation. The project presents an opportunity to leverage the presence of innovative carbon-reducing business leaders to engage across all sectors of the local economy on carbon reduction. The Park will be a catalyst to launch a new program engaging business leaders to adapt and mitigate for climate change; and
- Incentive package for inward investors. To augment marketing efforts an incentive package will be developed for inward investors to differentiate the product from other locations around Australia. The package may include lower cost energy generated on-site, preferential Council rates, a carbon revolving fund for small innovators, and the right to use the Carbon Park brand.

Subject to Council support Lonsdale Landfill and the associated buffer land will be developed as the first stage of the Carbon Park project.

Attachment 2 illustrates the proposed Carbon Park concept.

Lonsdale Landfill Site – Current Arrangements

The Lonsdale Landfill site was operated as a Council rubbish tip from about 1971 to 1983. It is currently leased by Council to Lonsdale Landfill Pty Ltd (LL) until 30 June, 2009 to receive clean fill. The current annual rental is \$40,570.

The LL lease has a Landfill Environmental Management Plan (LEMP) as a condition of the lease but which is a legally binding arrangement between LL and the EPA that specifies the landfill operations, fill profile to be achieved, site management and ground water monitoring requirements based on an agreed end use of open bushland.

LL has not been able to complete its fill program both in its northerly extent and, it would appear from the contours across the site, also in its profile in some locations due to an inability to source foundry sands as a result of the closure of the Mitsubishi Engine Plant. LL has advised that it will need an additional three years to complete the fill program predominantly using fill from building sites in accordance with the LEMP.

Nevertheless, given the lease ends in June 2009 LL has initiated actions toward development and implementation of a closure plan that requires the endorsement of the EPA.

LL has requested a lease extension of three years to complete the fill program and to allow time for completion of the closure plan. The granting of a new three year lease may well be in Council's interest given additional time is now required to enable the landfill to be completed both in its northerly extent and its profile. We do not yet have volumetric information from our consultants about the fill program or the fill receiving rates of LL to confirm whether three years will be sufficient.

A three year lease extension would also require the lessee not proceed with a closure plan under the current LEMP arrangement and the development of a different closure plan at the end of a new lease period. This would also require EPA approval.

There is a substantial buffer owned by Council between the Lonsdale Landfill and Meyer Road. Investigations have established that only a portion of this land has been used for landfill.

Proposed Carbon Park Concept – Next Steps

Carbon Park Option

Engage geotechnical and landfill consultants to determine the required tonnages to comply with the LEMP and to examine alternative landfill profiles that meet timeframes for closure of the site. Also determine feasibility of site for industrial construction.

Undertake strategic property analysis to determine;

- Desired linkages with existing and proposed future industrial use within the precinct.
- Feasibility of and interest in the Carbon Park precinct concept by industry and appropriate strategies to maximise industrial investment in the precinct to optimise environmental and employment opportunities. This would include the potential for the Lonsdale Landfill site to be the focal point of the precinct and to create momentum.
- Development of a detailed funding proposal to the State Government, seeking grant funding or investment in the precinct in order to maximise potential land sites available for the Carbon Park concept, including consolidation of existing industrial land holdings (eg. car wrecking yards and storage compounds).

Development Options

There appear to be several options available to Council in regards to the creation of the Carbon Park concept, including:

- Council to undertake development acting as facilitator;
- Council to undertake development with the State Government as a partner;
- Undertake a Joint Venture.

At this stage it is envisaged that the “facilitator” role is the one that represents lowest risk and is the favoured strategy.

Options for Land Management Available to Council

Council has a number of options available to it in development of the landfill site and buffer as part of the Carbon Park concept and are set out below. A range of detailed expert advice specifically environmental and geotechnical, will be required to implement any of the possible options.

- Continue to a Lonsdale Landfill lease expiry date of June 2009 and retain a form of control (to be determined) over the site and buffer land to enable the site to be developed in a manner consistent with the Carbon Park concept; or
- Grant LL a 3 year lease extension to complete the profile envisaged in the current LEMP by 2012; or
- Grant LL or another operator a new lease (term to be determined) to work with us to undertake filling operations within a tightly managed program with a new LEMP consistent with the Carbon Park concept.

Risk Analysis

Key risks	How it is proposed to be managed
<p>Legal - Lease arrangements with Lonsdale Landfill or other operator and managing their role in achieving our desired outcomes.</p> <p>Non compliance by lessee with closure plan.</p>	<p>Engage and retain legal and environmental consultants to provide clarity over the outcomes we need to ensure so that lease arrangements are specific and yet flexible enough to bind the landfill operator into achieving the outcomes required and their responsibilities in a positive working arrangement.</p>
<p>Environmental – Being able to manage gas and leachate and any other issues to be identified to make the site usable for industry.</p> <p>Resolution of responsibility for ongoing monitoring requirements.</p>	<p>Utilising environmental and legal consultants to define the issues and to develop a plan for managing those issues in a manner that will be acceptable to the market as well as meeting our legal obligations.</p> <p>Quantify level of monitoring required. Define the role of the landfill operator in the closure plan and ongoing monitoring. Pass responsibility on to new site owners in event of sale.</p>
<p>EPA – securing necessary agreements.</p>	<p>Ensure EPA is kept informed about the steps being taken and their concurrence obtained.</p>

Market – acceptance of a landfill site for use as part of the Carbon Park concept.	Utilise commercial/industrial development consultants from the outset to advise how best to develop the site and to manage the constraints of a landfill site in securing positive market acceptance.
Overviewing by residents to the north.	Contour land at northern boundary to create a landscaping mound.