

This is the City of Nedlands formal response to the consultation on the review of the Waste Avoidance and Resource Recovery Act 2007.

Summary Statement: The City strongly opposes the proposal for compulsory membership of regional councils.

The City of Nedlands currently has one of the highest waste diversion rates¹, lowest waste charge components and strongest customer satisfaction levels. This has been achieved with the City not being a member of the Western Metropolitan Regional Council (WMRC) or indeed any Regional Council. As such, the City regularly seeks best value competitive pricing for its waste services. Each service² goes out on a competitive tendering basis, which considers both cost and quality, and for each of these tenders the local regional councils have been invited to bid. To date they have not been able to demonstrate that they can provide a more efficient or cost effective service, resulting in the City selecting the services from the private sector. The City of Nedlands has achieved the best social, economic and environmental outcomes in waste management specifically by not aligning with a Regional Council.

Background

The *Waste Avoidance and Resource Recovery Act 2007*³ (WARR Act) is the principal legislation for **municipal**⁴ waste management in Western Australia. Prior to this waste services were provided under the Health Act 1911⁵ and associated local laws. Until recently, the State Government had a limited role in waste management, leaving the responsibility for domestic waste collection and processing to local government. In January 2001, however, the State Government released *Towards Zero Waste* – a strategy that established a vision of zero waste by 2020. That strategy failed not just because of the flawed ‘zero waste’ concept, but because it directly influenced local government and the Regional Councils in their selection of the so called Resource Recovery Facilities. While not wishing to provide an in-depth analysis of those facilities, it is fair to say that the first two were and are incredibly expensive, do not produce a marketable product, and achieve at best, a 50 per cent⁶ waste diversion rate. Remarkably, the other 50 per cent residual waste is still subjected to the waste levy, placing a significant additional cost burden on the ratepayers. Following the waste levy increase to \$55 a tonne from 1 January 2015 this amounts to an additional

¹ Waste diverted from landfill.

² General waste, green waste and recyclables.

³ Proclamation, *Government Gazette*, No 3, Perth, 8 January 2008, p33.

⁴ Emphasis added. The first sentence in the executive summary of the discussion paper is misleading as presently the WARR Act only applies to municipal waste management in Western Australia.

⁵ Proclamation, *Government Gazette*, No 9, Perth, 16 February 1911, p316.

⁶ This 50 per cent figure relates to the similar aerobic in-vessel composting facilities run by the South Metropolitan Regional Council and Mindarie Regional Council.

\$2.7 million tax on the collective ratepayers in the respective northern suburbs councils.⁷

Review of WARR Act

The current review is a legislative requirement invoked by Section 99 of the WARR Act, which states:

- (1) *The Minister must carry out a review of the operation and effectiveness of this Act as soon as practicable after –*
 - (a) *the fifth anniversary of its commencement; and*
 - (b) *the expiry of each 5 yearly interval after that anniversary.*
- 2) *The Minister must prepare a report based on the review and, as soon as practicable after the report is prepared (and in any event not more than 12 months after the relevant anniversary), cause it to be laid before each House of Parliament.*

While there is nothing wrong with providing a discussion paper, to assist with the review, Nedlands is concerned with the apparent pre-determined intent to introduce amendments to the WARR Act with the aim of legislating compulsory local government membership of Regional Councils. Moreover, the Act is clear in that the Minister must prepare a report based on the review and table that report in both Houses of Parliament prior to any legislative change.

The City understands the 'driving force' behind the intended change was to reintegrate the few councils that withdrew from the Regional Councils, largely due to increased costs to the ratepayers and in the absence of delivering the 'promised' environmental outcomes. If the reasons for councils withdrawing are valid, and the City's strong environmental and economic performance surely demonstrates that they are, then the review should be identifying solutions to these underlying issues, before forcing compulsory membership. If the underlying issues are not addressed, then compulsory membership can only result in reduced diversion rates and poorer environmental outcomes for the City at significantly higher costs.

There is also the concern that current non-members might be charged a fee to join the Regional Council. This has been previously suggested as a requirement by some Regional Councils, with a Nedlands fee estimated to be up to \$1 million, should it be decided to impose one. This fee would have to be transferred directly to ratepayers as waste services is provided on a cost recovery basis.

In one such Regional Council the waste diversion rate of 70 per cent was initially promised and indeed written into the contract. Some years later when it was identified that a 50 per cent target was the best realistically achievable the contract was changed

⁷ This amount relates to the Mindarie Regional Council.

to meet the reduced environmental outcome. The alternative option that was not even explored at that Regional Council was to open up the market and encourage the commercial retail sector to send its food waste to the facility instead of sending it to landfill. That option would have increased the organic content of the 'feedstock' and would have gone a long way to meeting the initial 70 per cent waste diversion target. Surely this amounts to poor governance and decision making? The City suggests a far better approach would be to resolve any inefficiencies in the Regional Councils and/or the existing Regional Resource Recovery facilities before even considering compulsory membership of Regional Councils.

Any requirement for compulsory membership would in the City's view unfairly skew the market towards regional councils and away from private industry. Historically the Regional Councils have not demonstrated their ability to meet economic, environmental or indeed social objectives.

Discussion Paper

The City has a number of concerns with the discussion paper with perhaps the most striking contained in the executive summary on page one. The following gives the impression that compulsory membership of Regional Councils already exists in Australia which is simply not the case. Under the heading 'collection and processing of waste' the paper states:

*Experience in other jurisdictions highlights the benefits of aligning local government or regional council waste planning with state plans and strategies, and **providing for compulsory membership of groups**⁸ that coordinate procurement of waste services on behalf of member local governments.*

We suspect the reference above refers to the Victorian Metropolitan Waste Management Group,⁹ which works with Melbourne's 31 Metropolitan councils to plan coordinate and facilitate their procurement of waste management and resource recovery services. That group works on collaboration and encouragement not compulsory membership. In fact, the City of Nedlands wishes to make it absolutely clear, that there is no compulsory membership of regional councils anyway in Australia.

The City is also of the view that the current review is far too narrow in its approach and the WARR Act should include measures to encourage greater resource recovery from the commercial sector. Notably, there is no mention of commercial, construction or industry waste anywhere in the WARR Act. In contrast, section 3(e) of the New South Wales *Waste Avoidance and Resource Recovery Act 2001* states under objects of this Act are:

⁸ Emphasis added.

⁹ www.mwmg.vic.gov.au

to ensure that industry shares with the community the responsibility for reducing and dealing with waste

Likewise, section 3(d) of *Queensland's Waste Reduction and Recycling Act 2011* states under objects of this Act are:

to ensure a shared responsibility between government, business and industry and the community in waste management and resource recovery

The City therefore requests the State Government to avail of the opportunity that the review presents and enshrines the responsibility for reducing waste equally among government and industry in the WARR Act.

City of Nedlands Waste Services

In 2006 the City of Nedlands recognised the benefits of waste separation at source and provided a 3 bin system to our residents. The City was one of the first metropolitan councils to provide the three-bin system, now being championed by the Waste Authority.¹⁰ This of course was combined with an effective educational campaign. Since then, our service to residents include:

- A 120 litre General Waste bin (collected weekly);
- A 240 litre Recyclables bin (collected fortnightly); and
- A 240 litre Green waste bin (collected fortnightly).

The City of Nedlands along with the other Councils in the Western Suburbs were among the first to provide the smaller 120 litre general waste bin: effectively resulting in good waste minimisation habits at source from the outset. When the other two bins were progressively added, contamination of recyclables proved negligible, and the green waste is mostly composted (with only minor contamination found on occasions).

The City of Nedlands is committed to achieving a waste diversion target of 65 per cent by 2020, which has been set by the State Government. Our approach is based on effective environmental management practices that consider the most cost effective outcomes for rate payers in achieving the desired waste minimisation targets. The City has been one of the more successful Local Government Authorities in achieving these targets. The City achieved a diversion rate of 52 per cent in 2010/11, the WMRC affiliated councils achieved a diversion rate ranging from 24 to 39 per cent (WMRC is located within the City of Nedlands). It is demonstratively clear that focusing on waste separation at source through the provision of a 3 bin system achieves the desired

¹⁰ In January 2014 the Waste Authority introduced its *Better Bins* programme in an effort to encourage Councils to move to a 3 bin system.

environmental outcomes. Moreover, these environmental outcomes are delivered at a much lower cost than the ineffective 'Resource Recovery' facilities chosen elsewhere in WA thus far. It cannot currently be demonstrated that membership of a Regional Council will improve the City's ability to meet these objectives.

Financial Outcomes

In 2013/14 the City's waste management collection service was re-tendered. The aim was to meet industry best practice and achieve best cost effective outcomes for our rate payers. In this process WMRC were uncompetitive, being \$540,000 per annum more expensive without any corresponding improvement in the environmental outcomes of disposal. Similarly, the South Metropolitan Regional Council (SMRC) was not able to compete with the required cost and environmental outcomes achieved by the private contractors. By using the private sector the City is saving around \$800,000 per annum providing lower costs directly to our ratepayers. In fact, the City was able to provide a decrease in the waste service rates charge of 12 per cent for 2014/15 to residential customers and 3 per cent to commercial customers. This is against the trend in other local governments with waste service charges increasing every year. Furthermore, the City has a legally binding contract with its waste contractors until the end of 2018.

Compulsory membership of Regional Councils will remove the market forces that drive competition and efficient service delivery. The City's tendering process demonstrates that Regional Councils are not competitive and that the best financial and social outcomes are gained through an active private waste sector, accessible to local government, combined with effective regulation and taxation at a State level to drive the required environmental outcomes. In terms of social outcomes our ratepayers have voiced their support with a 97 per cent satisfaction rating for our weekly kerbside waste collections.¹¹

Further details of the City's current waste management practices is provided in Addendum 1 for reference.

Long-term State Planning

Any Alternative Waste Treatment Technology (AWT) should not in the City's opinion be funded by individual Regional Council's but should be completed on a State Wide basis, ensuring the best expertise and decisions are available. The in-vessel composting facility at the SMRC invoked significant community opposition and a Parliamentary Inquiry as a result of odour issues. The WMRC is having significant issues in delivering the current Di-com project. This suggests that Regional Councils are not a suitable 'vehicle' for the provision of AWT's. The sort of improvements that

¹¹ City of Nedlands *Annual Report 2013–14* p33.

the State Government are rightly seeking, are not ones that history demonstrates can be effectively met by Regional Councils.

Long term decisions do need to be made, but at a State level, not through Regional Councils. The landfill levy will generate significant income over the coming years. We note on page one of the discussion paper that the statutory review is into the **WARR Act only**.¹² Any serious review of the WARR Act needs to be undertaken in conjunction with the Waste Avoidance and Resource Recovery Levy Act 2007¹³ and associated regulations.

Initially, in line with the intent of the WARR Act and associated regulations 100 per cent of the revenue raised from the levy was used specifically for waste reduction initiatives. In the second reading speech, when explaining the purpose of the WARR Act, the then Minister for the Environment stated:

*Levy funds are to be used only for purposes provided for in the legislation. Specifically, the funds will be applied to programs relating to the management, reduction, reuse, recycling and monitoring of waste. The funds could be used by DEC only for administration of the account and developing or coordinating the implementation of programs consistent with the purposes of the legislation. The levy is not to be used to fund other normal ongoing operations of DEC.*¹⁴

The State Government has since changed this and only 25 per cent of the revenue raised from the landfill levy is used for waste reduction initiatives. This is completely unacceptable and the current situation needs to be reversed with at least 75 per cent of the revenue should be put into alternative technologies and resource recovery on a state wide basis.

Conclusion

The discussion paper at no stage justifies the proposal for compulsory membership. It leaps from the issues to a solution that in the City's opinion will be ineffective. There is no justification or reasoning included in the paper to support the proposed change, or to demonstrate how that leap was made.

Regional Councils are not operating effectively, poor decision making has led to a lack of competitiveness in both cost and environmental outcomes. The best way to increase efficiency is to open the entire waste services to market competitiveness.

¹² Emphasis added.

¹³ Proclamation, *Government Gazette*, No 98, Perth, 20 June 2008, p2705.

¹⁴ Hon David Templeman MLA, Western Australia, Legislative Assembly, Parliamentary Debates (Hansard) 17 October 2007, p6313.

After careful consideration of the Review of the WARR Act discussion paper, it is the City's resounding view that compulsory local government membership, and the failure to include industry in the review will result in higher costs on ratepayers' waste charges. Furthermore the assumption that compulsory membership will deliver any improvement in resource recovery is strongly disputed.

Addendum 1

The City of Nedlands provides a waste disposal service to its residents for solid municipal waste, green waste and recyclables as a kerbside collection, and green waste and hard waste as verge collections, including separate electronic waste and mattresses.

The City introduced a three bin collection system in 2006 in order to move towards achieving its goals of reducing waste to landfill. At present, Nedlands residential and commercial precincts are participating in weekly kerbside collection and alternating fortnightly kerbside green waste and recycling collection services

The City has approximately 8,020 dwellings participating in weekly waste collections and alternating fortnightly green waste and recycling collection services, utilising the three-bin kerbside collection system. In addition 950 commercial waste services and 590 commercial recycling services are included in the kerbside collection system, with commercial bin systems selected to suit individual needs.

The municipal solid waste is being delivered to the North Banister landfill facility operated by the City's municipal waste contractor Perthwaste. The recycling and green waste collected fortnightly is transported to Perthwaste's Materials Recovery Facility (MRF) at Bibra Lake for resource recovery. Hardwaste from annual bulk rubbish collection being delivered to Brockway transfer station in Shenton Park from where it is removed to landfill

Separating waste at the source not only saves disposal cost, it also directly supports material recovery high value streams. The City's three bin collection system has proven to be the leading metropolitan authority for resource recovery. On 2014/15 the City's scheduled of Rates, the waste charges indicates following fees and charges;

- **Standard bin service \$293 (1X 120L rubbish bin, 1X Recycling bin 1X Greenwaste bin)**
- **Upgrade bin service \$745 (1X 240L rubbish bin, 1X Recycling bin 1X Greenwaste bin)**
- **Super service \$1400 (2X 240L rubbish bin, 1X Recycling bin 1X Greenwaste bin)**

The table below provides an estimated annual expenditure for collection and disposal of waste;

Collection – three bin system	1.2M
Disposal – Putrescible waste (Perthwaste)	\$755,000
Bulk waste – collection	\$200,000
Disposal – hard waste and greenwaste	\$250,000

Key points

- A 47% diversion rate of waste from landfill was achieved in 2013/14,
- Our three bin collection system is continuously improving source separation whilst achieving great savings to rate payers in disposal costs,
- The City of Nedlands is a leading metropolitan Council for three bin system resource recovery,
- There was a decrease in the waste service rates charge of 12% for 2014/15 for residential customers and 3% to commercial customers,
- 78% of residents are utilising the standard bin service, contributing to lower waste generation in the City, and
- Over 12% of residents are utilising the second recycle bin option.

Key Initiatives:

- Second recycling bins available free of charge to residents.
- Second green waste bins provided to residents at a subsidised fee.
- Bulk collection service with source separation to divert from landfill: green waste; e-waste; mattresses and metals.
- Implementation of biodegradable dog waste bags.
- Recycling stations provided at key City locations for e-waste, mobile phones, light globes, fluorescent tubes, printer cartridges and household dry cell batteries.
- Green waste bags, worm farm and compost bins provided at discount rate to the City's residents

Statistics

- Approximately \$800,000 per annum savings on re-tendered waste contract, running until 2018.
- 6,070 tonnes of domestic waste collected, including bulk rubbish collections.
- 2,480 tonnes of recyclables diverted from landfill
- 3,495 tonnes of green waste diverted from landfill, including bulk rubbish collections
- 97% Community satisfaction rating for weekly kerbside waste collections

- 92% Community satisfaction rating for control of graffiti, vandalism and anti-social behavior.