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Review of Waste Avoidance and Resource Recovery Act 2007

The Waste Industry Alliance (WIA) welcomes the opportunity to provide a submission to the Review of *Waste Avoidance and Resource Recovery Act 2007* (WAAR Act).

About the WIA

The WIA represents five of the largest waste management companies in Western Australia – Instant Waste Management, Perthwaste, SITA Australia, Transpacific Industries and Veolia Environmental Services.

These companies are diverse businesses that work across the complete waste and resource recovery sector – with interests in waste collection and transport; transfer stations and waste separation operations; waste recovery, reuse and composting facilities; landfill and disposal sites; and waste to energy projects.

Collectively they make up approximately 80% of the private waste management industry in Western Australia.

Context and Scope

The WIA acknowledges and understands the key issues and challenges in the waste and recycling sector in Western Australia. Economic growth and population growth, together with increasing consumption are leading to increases in waste generation. With only 39% of resources currently recovered from the waste stream prior to disposal, there is significant potential to improve resource recovery rates and achieve better economic and environmental outcomes.

The WIA is supportive of the Government's *Waste Strategy (Western Australian Waste Strategy: Creating the Right Environment, March 2012)* and its primary goal of sustainable waste management strategies to reduce the environmental impact of waste and maximise conservation of natural resources through reduced overall material use and increased materials and energy recovery.

The WIA understands the role of the *WAAR Act* is to provide legislative support to the *Waste Strategy* and we welcome the opportunity to provide a submission to the statutory review of the *WAAR Act*.

Reform Proposals

The WIA broadly supports the reform proposals outlined in the discussion paper for the *Review of WAAR Act* (Department of Environment Regulation, December 2014). Please see below our comments regarding specific aspects of the discussion paper.

Role and responsibilities

The WIA agrees that current arrangements between State and Local Government do not provide the most efficient use of waste collection, transport, recovery, processing and disposal capacity. Furthermore, the existing arrangements, where some regional Councils directly operate recovery, processing and disposal facilities, may not take advantage of potential economies of scale to aggregate significant supplies of waste.

The WIA is supportive of the establishment of a statutory waste group which has oversight for the procurement of waste processing services.

Waste aggregation should provide benefits to the waste processing service providers by providing greater certainty of waste supply volumes and flow, which can support broader investment in infrastructure and stimulate business efficiency savings. Waste generators should also benefit from the pass-through of efficiency savings and associated economic benefits. On both sides there should be administrative and contract cost savings realised through effective aggregated procurement.

In order for a statutory waste group to function effectively, the WIA believes it is important for membership to the group to be compulsory for local councils. Councils should also be compelled to participate in the aggregation of waste supplies for tendering of waste processing services in order to realise the benefits of aggregation.

Our experience in other jurisdictions which have waste aggregation procurement processes is that potential economies of scale are not fully realised when Councils are able to 'opt out' of participation. In some cases Councils have been seen to use aggregated procurement as leverage to negotiate better individual deals, attempting to reap the pricing benefits of aggregation, without the same level of commitment that can benefit the waste processing service provider. This undermines the potential benefits of aggregated procurement and dilutes business confidence in the process.

Under a centralised procurement model for waste processing services, local and regional Councils must be excluded from directly operating waste collection, transport, recovery, processing and disposal facilities. This would enable for provision for waste processing capacity to be determined by a competitive market of private interests, rather than having the conflicting interest of some Councils being both a buyer and a seller in the same market.

Landfill Policy – planning and siting

The WIA understands the need to ensure the availability of sufficient landfill space to manage residual waste and spikes in waste disposal needs caused by unplanned events. The WIA also accepts the need to develop appropriate market mechanisms to encourage maximum diversion from landfill. Planning for appropriate landfill capacity within a given region through an infrastructure plan is critical to maintaining this capacity.

Based on our experience in other jurisdictions, the WIA notes the need to ensure independence between the process of planning infrastructure to provide landfill capacity and the management of procurement processes for waste processing services. If the independence of those processes is not maintained there is a risk of 'picking winners' or excluding potential tenderers from procurement processes.

Landfill Levy

The landfill levy aims to encourage investment in alternative waste treatment options and support increased recycling and recovery. Significant increases to the landfill levy have occurred in January 2015 and further annual increases to the levy are planned.

The WIA agrees in principle that the landfill levy is an appropriate economic instrument to reduce waste to landfill. However, for the landfill levy to function effectively, it is important that it is applied and enforced consistently.

The WIA notes examples where non-payment of the landfill levy has occurred, yet those companies have continued to operate as a landfill without paying the levy and they have retained their licence to operate as a landfill. Non-payment of the levy competitively disadvantages companies which abide by the regulatory regime and undermines the goals of the *WAAR Act* and *Waste Strategy*. Government should use whatever sanctions are available to enforce the levy.

Strategic Investment

The revenue generated from the landfill levy should be directed to support programs which aim to reduce waste going to landfill.

The WIA notes that the Waste Authority has made significant investment to support reduction in waste going to landfill from municipal solid waste (MSW) bins through the Better Bins Kerbside Collection program. This is a good community-based program and it is likely to modify waste management behaviours at a household level, but it is important that the Government also reinvests some the levy collected to support modification of the supporting infrastructure. For example, if a community goes from a one-bin-per-household to a three-bin-per-household system, additional collection resources and infrastructure would be required.

It is important that reinvestment of the levy funds is not restricted to MSW streams alone. The commercial and industrial (C&I) and construction and demolition (C&D) sectors generate significant volumes of waste that currently go to landfill and generate landfill levy revenue as a result. The C&I and C&D waste sectors should also be supported to develop infrastructure and markets for diversion of wastes.

Industry should be actively encouraged to develop programs and to make capital investment to support the goals of the *WAAR Act* and *Waste Strategy* through the use of the levy funds. Grants and projects which facilitate and encourage improvement in recycling should be developed by the Government in collaboration with industry. The WIA would welcome the opportunity to work with the Government on this.

Market Development

It is a critical role for the Government to lead by example in the adoption of the *Waste Strategy* and to assist in the development of markets for diversion of wastes. This is not occurring in some current Government projects.

For example, construction materials on some Main Roads projects are being preferentially sourced from virgin stocks, rather than utilising comparable materials that have been recovered by processing C&D waste that has been diverted from landfill. This disadvantages companies which have made significant investments to enable recovery and recycling of waste derived materials and it does not support the Government's *Waste Strategy*.

The WIA notes that markets for diversion of wastes may be driven by either a 'push' or 'pull' mechanism or a combination of both 'push' and 'pull'. A market 'push' may be caused by regulating the required disposal route for a given material. Other jurisdictions have used classifications for re-use, recycling or recovery as a market 'push' mechanism. It is our experience that a 'push' mechanism only is not effective in the absence of market 'pull' for the end product.

For the Main Roads construction materials example highlighted above, an appropriate 'pull' mechanism could be a material specification that focusses on providing a 'fit for purpose' material, rather than requiring the recovered material to meet a specification formulated for virgin material.

We thank the Department of Environmental Regulation and the Waste Authority for the opportunity to provide a submission to the Review of *WAAR Act* and we would welcome the opportunity to discuss these matters further.

Yours sincerely,



Tim Piper

Waste Industry Alliance – WA