



WASTE AVOIDANCE AND RESOURCE RECOVERY ACT – REVIEW

SUBMISSION TO DEPARTMENT ENVIRONMENT REGULATION

INTRODUCTION

The Department of Environment Regulation (DER) has prepared and distributed a discussion paper – “Review of the Waste Avoidance and Resource Recovery Act 2007”. DER invites written submissions on the reform proposals in Part 3 of their paper. Submissions are to be received by DER before Monday 23 February. In general DER considers that the “Act contains the necessary head powers to support its objectives. However the paper presents a case for coordination and performance of waste collection and processing and planning and infrastructure establishment through amendments to the WARR Act.”

WALGA has prepared a draft submission on the Review and has circulated the document to participating local governments who have been involved in various workshops. The cutoff date for comments to WALGA is Monday 9 February.

Rivers Regional Council will be requested to consider a response to the Review at the Ordinary Council meeting Thursday 19 February.

OVERVIEW

Part 3 of the DER discussion paper is about reform proposals. Part 3.1 addresses Local Government Waste Operations, although detail is lacking and statements made have no substantiation. It is to be expected that any review of the Act will dwell on Local Government, as so much of the Act itself is centered on local government waste (municipal solid waste – MSW) with little if any mention of the remaining waste streams which alone contribute as much or more waste than local government. In 2012/13 MSW in the metropolitan area accounted for 26.6% of the total waste with commercial and industrial (C&I) waste, and construction and demolition (C&D) waste the balance. The recovery rate for MSW and C&I wastes are similar at 45% however the recovery rate for C&D waste remains at a relatively low 40%. The amount of MSW as a percentage of overall waste going to landfill is 28.5% with 71.5% from the other two streams.

Part 3.2 addresses Infrastructure Planning with reference to infrastructure capacity and governance. The review makes reference that “it is unlikely that the waste recovery targets as set for MSW, C&I waste and C&D waste will be achieved under the current arrangements.” The recovery targets for MSW for 2015 and 2020 are respectively 50% and 65% respectively, for C&I waste 55% and 70% respectively and C&D waste 60% and 75% respectively. Of the three waste streams local government has made the most progress towards achieving the targets but goes unrecognized in the review. The discussion paper along with the Act continues to remain silent on C&I

and C&D wastes and the role of the private sector in progressing towards the set targets.

The reform proposals within the paper lack detail and unfortunately there is a tendency to generalize. A number of comments in isolation or in the context of a much broader observation have been identified and referenced below

COMMENT

Landfill levy

Whilst the Review does not focus on the landfill levy and there is no intention at this stage of changing the levy, the Review document does make reference to the levy on a number of instances and it is therefore reasonable to provide some commentary on the levy.

The landfill levy was introduced in 2009 at \$7.00 per tonne payable at the point of disposal. The levy is collected by the landfill licensee for the Department of Environment and Conservation. Not less than 25% of the forecast levy amount is paid into the WARR Account. The WARR Account exists amongst many things to fund programs relating to the management, reduction, reuse, recycling, monitoring or measurement of waste and to meet the administrative and operating costs of the Waste Authority.

The landfill levy has increased from \$7.00 in 2009 to \$28.00 per tonne in 2011 and again in January 2015 to \$55.00 per tonne. By comparison the Residential Waste levy applied by the City to fund waste operations has increased from \$190 per residential service in 2008/09 to \$210 in 2010/11 and to \$252 in 2014/15. The relationship of the cost of the landfill levy to the residential waste levy has increased significantly over the three target years with the percentage being 3.7%, 13.8% and 23% respectively. The landfill levy will increase each year by \$5 per tonne to plateau at \$75 per tonne.

In 2013/14 the forecast landfill levy was \$43.2 million from which \$10.8 million was allocated to the WARR Account. The operational budget for the Waste Authority was set at \$15.3 million and at year end the actual expenditure was 85% of budget i.e. \$13 million. With an opening balance of \$17.7 million, the WARR Account at year end still had a balance of \$16.1 million. Approximately 65% of expenditure was directed to specific programs.

The City strongly supports the contention of WALGA that insufficient attention has been paid to Extended Producer Responsibility schemes for problematic products. The Discussion Paper identifies that the existing product stewardship and EPR provisions of the WARR Act have not been applied to date. The opportunity is there and funding from the WARR Account must be used on these priority products.

The City also acknowledges the short coming of funding allocations on a project by project basis and identifies with the WALGA submission that a “solid commitment of levy funds on a long time basis in line with an agreed plan would provide certainty for local government to plan their own investment”. To meet the targets within the Waste Strategy more investment in infrastructure and allied structural adjustment is necessary. For too long local government has had to go it alone and with the additional monies coming from the levy there needs to be a greater percentage of

the funding allocated to the WARR account to provide the waste industry with the means to achieve “enhanced strategic waste management outcomes”.

Variation in processing (& collection) arrangements

The discussion paper makes reference to the variation in collection and processing arrangements across the metropolitan region leading to inefficiencies. The basis of this assertion is that unit rates for collection/processing vary considerably between local governments; the inference therefore is inefficiencies in service. This cannot be substantiated as there are so many variables to contend with. In addition the review contends that the current arrangements do not take advantage of the potential economies of scale. It is highly questionable where the economies of scale exist in collection activities. A collection vehicle only has a finite capacity and depending on the distance it travels to collect and then to dispose will vary between areas. Economies of scale can only be achieved with spare capacity in the collection vehicle and operating the vehicles on a double shift or longer single shifts. An increase in operating costs may not be offset by the reduction in ownership costs.

To suggest that variety in services leads to inefficiencies misses the point with service delivery. If a local government offers more of a service to its customers than another it cannot be seen as an inefficiency but in fact the very essence of what local government is about. Providing variety in service between local governments is to be encouraged and not curtailed. Individual circumstances will determine the level of service that best fits the community being served. It is important to maintain some flexibility of service provided that it is financially sustainable and suits the local community.

The City strongly disagrees with the criticism that local government funding is not provided on a timely basis to meet targets. Had it not been the involvement of local government through the formation of regional councils, the alternative waste technology waste processing that diverts some of the non-recyclables from landfill would not have eventuated.

Regional Councils to follow State policy objectives

Regional Councils do not require a formal arrangement within the Act to pursue State policy objectives. Every Regional Council involved with waste already strives to meet State policy objectives. The Regional Councils exist to investigate and facilitate on behalf of their member councils alternative waste technologies and best practice processing to divert waste from landfill. Regional Councils have been instrumental in setting up processing operations (alternative waste technologies) because of the high cost and risk associated with the facilities. The reluctance of the private sector to take a lead role with AWT's is offset somewhat with their continued involvement in the development and operation of landfill sites and material recovery facilities.

To date Regional Councils have concentrated on processing arrangements because of the high cost of such facilities, with the individual member councils continuing to pursue the collections services that are most appropriate to their communities.

The Review proposes a new model for governance comprising Waste Groups. Considering the current position of Regional Councils and the general lack of detail

in the constitution of the groups, the City does not support the Waste Group model as presented. The role of and the responsibility for the C&D and C&I waste streams is again silent under the Waste Group proposal. It is noted that there is already discussion regarding a reduction in the number of regional councils involved in waste.

WALGA in their draft submission have proposed an alternative governance model based on a Waste Management Group overseeing three management groups that individually are responsible for one of the waste streams. The MSW stream would maintain the Municipal Waste Advisory Committee with three Regional MSW groups. The representation of the regional groups would be as Regional Subsidiaries established on a geographic basis. The WALGA proposed model is vastly superior to the Review proposal and could be supported.

Regional Council boundaries not logical

A further criticism in the Review relates to the boundaries that make up the existing Regional Councils. Regional Councils are formed by likeminded councils collaborating to form another entity. Local government boundaries are not always logical and being “voluntary” may, as in the case of South Perth, result in a founding member council not sharing a boundary with any other founding member council. But this has little relevance overall and has not diminished the worthwhile role of the respective Regional Councils.

The WALGA governance model has three Regional Subsidiaries established on a geographic basis with compulsory membership for local governments within each geographic region.

Regional Council flexible membership

It is important to note that membership to existing Regional Councils was voluntary but exiting is at the discretion of the other member councils in accordance with the Establishment Agreement.

No recent commitments to new alternate waste technology processes

The planning and environmental process for new facilities is lengthy and made more complicated by the failure of the State to secure within the Metropolitan Region Scheme sufficient dedicated sites for waste facilities. With few exceptions waste facilities require sufficient buffer distance to residential properties and easy access to the distributor road network. The high facility cost and the environmental issues surrounding the SMRC plant are further causes for the delivery of any recent waste infrastructure.

Planning for waste infrastructure now involves Resource Recovery in the form of waste to energy. Planning by the private sector for a RRF in the east Rockingham area and another in the Kwinana area are now well advanced and implementation is now much more likely. Both proposed plants will be wholly owned by private operators. The Kwinana facility will require the commitment of a Regional Council to provide, under a long term arrangement, the tonnages required to sustain the plant.

State government central role

The State Government has a significant role in waste management. The State Government should ensure a higher allocation of the landfill levy to projects that

include but not limited to recycling ventures. The role of the State in Infrastructure should not extend beyond the securing of suitable land sites and ensuring the speedy passage of planning and environmental approvals. State Waste policies are reflected in targets set by the Waste Authority. The State Government has a further role at a national level with Product Stewardship arrangements and Extended Producer Responsibility for problematic products. Equally it is important through example the State Government takes a lead role in areas of waste reduction at departmental level and in the procurement of waste derived material.

Private sector involvement

The proposed WALGA governance model has a more defined role for the private sector within the areas that they have traditionally excelled. C&I waste and C&D waste collection is substantially handled by the private sector and has through contracting with local government taken on the collection of MSW, recyclable and verge side bulk waste collections. The private sector owns and operates a number of waste facilities including most MRF's and landfill sites. To facilitate the transport of waste from inner metropolitan areas to distant landfill sites the private sector has invested heavily in Transfer Stations and more recently become involved with planning for RRF's.

CONCLUSION

The WALGA draft submission substantially addresses the issues of the City. The WALGA submission does embrace a number of proposals that may be seen less favorably than the rest of the document.

Reform outcome Local Government - standardisation of collection systems

The justification for the standardisation is to maximise efficiency of service delivery and education. The submission maintains the inference that there is inherently inefficiency in having flexibility in services that are required within certain communities. There is nothing to substantiate this assertion. The system needs to be flexible to support the required arrangements that are now present and will become more of an issue as time goes on. Increased traffic in inner city areas, the retention of night time activity curfews and high density residential areas including high rise apartment living area are factors that will impact of equipment sizing and overall transport options.

Reform outcome State Government – commit to the implementation of Cash for Containers Scheme

The proposal is based on the South Australian experience where such a scheme has been operational for many decades. The justification is based on the Keep Australia Beautiful litter index that showed that 5 of the top 12 littered materials were beverage containers, compared to South Australia where not one was in the top 12. If implemented in Western Australia, WALGA has estimated that litter would reduce by 25%. A real issue arising from such a scheme is the need for drop-off centres where people can redeem their deposits.