

Submitted to Review of the waste levy
Submitted on 2020-07-07 15:48:20

Your Details

Response	Percentage
Yes, the U.S. should take action to address climate change	95%
No, the U.S. should not take action to address climate change	5%

Company

8 Are there specific parts of your submission that you want to keep confidential?

No

If yes, please outline which specific parts of your submission must be kept confidential and explain why:

1 Are there any beneficial outcomes that can be achieved by a levy beyond those identified in the objectives of Waste Strategy 2030?

Nil response.

1 Are there any other strengths or weaknesses of a waste levy as an instrument for achieving the objectives of Waste Strategy 2030?

Yes, a waste levy will encourage recycling if the legislation and regulator can ensure that illegal landfill levy avoidance does not occur.

There has been a systemic regulatory failure producing unintended consequences. This has seen the growth of a multi-million-dollar shadow economy based on exploiting deficiencies in the regulations and providing a large financial incentive for criminal activity. WRIWA has estimated that the loss of

revenue for 2018-2019 based on documented instances of levy avoidance was \$93.35 million exceeding the levy revenue collected by the state which was \$83.0 million.

Weakness

The waste levy should apply across the state to disincentivise transporting waste large distances. This will mean recycling is encouraged either at source or by contractors and waste recyclers.

The main reason for levy avoidance is that we do not have a levy applied across the state and that allows cheats to operate successfully.

Further we support option 1 (ie. the levy across the state).

Rate of the levy

1 How has the waste levy benefitted or affected your waste business or operations?

[REDACTED]

[REDACTED]

[REDACTED]

2 Can you advise of any recycling and waste diversion opportunities that would become viable if the waste levy was increased or applied in a different way? What rate of levy could be required to make these viable?

If the levy rises then investment in recycling will increase, particularly in the C&D and C&I sector. [REDACTED]
[REDACTED]

C&D recycling would increase if the levy increases. At the moment C&D recyclers have been forced through competition with illegal facilities that do not charge the levy, to artificially lower their gate prices. C&I recycling in WA is minimal at this stage, as the gate prices resulting from competition with levy avoidance are too low to justify the capital investment that would be required to establish a viable C&I recycling industry.

There is an active national discussion to 'harmonise' landfill levies across the states and territories. While this is of most concern on the eastern seaboard this may potentially have implications for WA if South Australia significantly increases its levy. There is well-accepted evidence that where large levy rate differentials exist between adjoining states, levy avoidance will occur. Notably, until the introduction of the levy in Queensland, it was been estimated that the NSW government was losing up to \$5m per week in levy from material being transported to QLD (Mike Ritchie Consulting).

If WA levy prices rise to meet those charged on the east coast, industry needs to be confident that systemic avoidance has been rectified.

[REDACTED] considers that the measures proposed in the Closing the Loop consultation, which [REDACTED] strongly supports, if adopted may have the effect of ending most of the systemic avoidance. Given that DWER also adequately resources compliance then there is a strong argument for progressive increases in the levy to match those on the eastern seaboard.

3 Please provide information on potential impacts which may result from increasing the waste levy.

As outlined in (2) above, if industry is given confidence that the new regulations would be applied to create a level playing field, it would invest in both C&D and C&I recycling.

4 If you knew when the waste levy was going to be varied, how would it affect your decisions about managing waste or related investments?

At present the C&D and C&I industries are reluctant to invest in further recycling. However if the concerns raised in 4.2 above are addressed, a progressive rise in the levy, with adequate notice, would allow industry to plan and implement increased capital investment.

The C&D recycling sector has seen two separate rounds of investment and consequent improvement in recycling. The first of these was triggered by the rise of the rate of the landfill levy. In the first round, C&D landfills invested in screening, crushing and density separation technology and focussed on recovering sand and soil, while also manufacturing screened sized engineered aggregates. However this industry has now stalled with little or no investment as the competition from non-levy paying operations has artificially lowered the gate price and removed much of the C&D material to rural landfills

[REDACTED]

Setting future levy rates

1 How might the Government best balance the need for responsiveness to emerging knowledge about best practice waste management with the benefits of providing the confidence about future waste levy rates?

Confidence about future rates and how the levy is then used to support recycling is critical to support industry innovation and investment.

Geographical area of the levy

1 Are there opportunities for the recovery of regional waste that would be made more viable by a regional waste levy?

Yes, a regional C&D and C&I levy will see investment in recycling.

2 Where are these opportunities most likely to be viable?

C&D recycling is likely to be the leading opportunity. Screening out sand and soil and the production of engineered mixed aggregates use well established technologies from the allied quarrying industry. [REDACTED]

C&I recycling would be the second candidate but would be more limited requiring proximity to larger conglomerations of commercial activities and offices.

FOGO and Kerbside Recycling would also be supported

3 What rate of waste levy could be required to make them viable?

[REDACTED] recommends a different levy rate for C&D and C&I than for MSW and Class 3

PRODUCT METROPOLITAN REGIONAL

Construction & Demolition	100% of the top rate	100% of the top rate
Commercial & Industrial	100% of the top rate	100% of the top rate
Municipal Solid Waste	100% of the top rate	80% of the top rate
Class 3 solid Waste	100% of the top rate	80% of the top rate

Top rate: we are assuming that the rate is likely to vary upwards, the higher or top rate should apply in the metropolitan area.

Different ratios are needed for differing products, the incentive to transport C&D and C&I waste to the regions are described in detail throughout this submission. Any margin between a metropolitan rate and a regional rate, as the top rate rises will only serve to subsidise illegal transport.

The lower 60% of the top rate for Municipal and Class 3 is to prevent the reverse, in terms of these waste profiles coming from regions back into the Metro landfills. This is required to ensure the finite lives of the metro landfills are preserved as much as possible, and to ease burden on rate payers through Municipals passing on the costs.

4 Under specific circumstances, it is possible that an expanded waste levy area could make evasion less financially attractive. How does the cost of transporting waste over long distances compare with the cost of the levy?

Yes, we need a regional levy for C&D and C&I waste similar to the NSW formula where the regional levy is graduated.

Levy avoidance relies on the quantum of saving that can be achieved by illegally transporting waste out of the metropolitan region to transfer stations and then on to rural landfills or directly to rural landfills.

By consolidating loads at the Transfer Stations/ Waste Storage Facilities/Waste Recycling Facilities into B-Doubles or similar large capacity long haul vehicles and carting to rural landfills, the levy avoided is similarly only a small percentage of the saving from the levy avoided.

5 What other advantages or disadvantages could arise from a regional waste levy?

cannot see any disadvantage.

Waste management options to be levied

1 Waste Strategy 2030 proposes that by 2020, only residual waste will be used for energy recovery. How will this requirement affect your waste management operations?

is concerned that the draft definition of residuals being developed by DWER may be open to incentivising leakage of recycling to the waste to energy sector which is contrary to the waste hierarchy. The recycling industry must be consulted on what materials can be accepted by the waste to energy sector. We are concerned that the waste to energy plants will burn materials that should have been recycled thus discouraging other forms of recycling.

2 Would a waste levy on energy recovery have a different effect on your operations?

Yes because it will further encourage recycling prior to materials ending up at waste to energy plants.

3 Are there any other waste management options where applying a levy could help achieve the objective of Waste Strategy 2030?

Good regulation must be supported by adequately designed and resourced compliance.

supports substantial penalties for serial waste levy avoidance offenders including imprisonment.

At present the incentives for avoidance of the landfill levy high and penalties are low.

Other improvements to the waste levy

1 What other changes to the design or implementation of the waste levy could help make it more effective or efficient in achieving the targets of Waste Strategy 2030?

1. Increased use of levy funding to support recycling industry - Hypothecation of the Levy

- While this has been deemed out of scope for this consultation it has a strong influence on industries thinking and investment and confidence.
- The Waste Authority Annual Report 2019/20 shows that \$20.75 million (approximately 25 per cent of the levy collected) was supplied to the WARR Account. However \$12.99 million (16%) was provided to DWER to provide what are arguable core functions. Effectively only \$7.76 million or 9% of the total Levy collected was used to support recycling.
- In view this is not an equitable outcome and we would like to see all of the 25% used for programs that support recycling.