

Department of Water & Environmental Regulation - Review of the Waste Levy Consultation Paper.

July 2020

The City of Kalamunda (City) appreciates the opportunity to make a submission/comment on the Department of Water & Environmental Regulation (DWER) Review of the Waste Levy Consultation Paper.

Consultation Questions

Chapter 2 Objective of the waste levy

Q1 Are there any beneficial outcomes that can be achieved by a levy beyond those identified in the objectives of the Waste Strategy 2030?

Firstly Waste levies provide incentives for individuals and businesses to minimise their waste, Secondly they provide motivation for waste collectors to find more economic methods to dispose of material which can be recovered, however, for the Levy to be effective the material has to have viable recovery options. Thirdly the community sees them as protecting our environment and forcing thinking into more sustainable outcomes. However, in the wake of China's National Sword Policy and falling commodity prices, as well as the Federal Governments waste export ban the resource recovery sector has less capacity and funds to invest in these options. Therefore, it has never been more important for the Levy to be effectively invested in strategic resource recovery options, rather than be allocated to consolidated revenue or fund government operations. As the Federal Environment Minister Ms Ley said in her media statement dated 26th May 2020 "Australia has a once in a generation opportunity to improve waste management and recycling through national leadership and by funding infrastructure investments and encouraging new technologies," the State Waste Levy could provide funding opportunities for Western Australia to strategically position its self to deliver the necessary infrastructure to enable the State Waste Strategy targets to be met.

Chapter 3 How the levy can help achieve the objectives of Waste Strategy 2030

Q1 Are there any other strengths or weaknesses of a waste levy as an instrument for achieving the objectives of the Waste Strategy 2030?

The Council of the City of Kalamunda has recently endorsed its Draft Waste Plan which was reviewed by DWER and found to be an exemplar response to the Waste Avoidance and Resource Recovery Strategy of the State.

Upon being able to enter into a suitable commercial agreement with a provider of FOGO, the City will be commencing a fully compliant three bin system for residents comprising Recycling, FOGO and Red Lid Bin which will be going to the East Rockingham RRF Waste to Energy Plant. This is a clear demonstration that the City will be maximising its compliance to the hierarchy contained in the WARR Strategy with only the bare residuals from each process being sent to Landfill.

It is viewed that whilst we have voluntarily adopted this strategy, any use of the Waste Levy as a tool to encourage movement of waste streams higher up the hierarchy shouldn't inadvertently penalise those Councils who are 'doing the maximum' in this regard. To this end, any inclusion of the Waste Levy to Waste to Energy Processing needs careful consideration. The City proposes the following for consideration:

There are likely to be only a few scenarios of bin and processing combinations used by every Council within the Perth and Peel region. As this volume of waste, in aggregate, would be the vast majority of waste potentially going to Landfill it is probably the most relevant.

Scenario 1:

One kerbside bin, all to landfill.

Waste tonnages in total should attract the full Waste Levy as this is clearly the worst response to the WARR

Scenario 2:

One kerbside bin, all to waste to energy.

Waste tonnages should attract two components:

Waste tonnages in total should attract the full Waste Levy as this is clearly the worst response to the WARR

Scenario 3:

Two kerbside bins – Recycling and Landfill

Residual from the Recycling process going to Landfill, and all Landfill tonnages should attract the full Waste Levy

Scenario 4:

Two kerbside bins – Recycling and Waste to Energy

Residual from the Recycling process going to Landfill should attract the full Waste Levy

Waste tonnages from the Waste to Energy bins should attract two components:

The full Waste Levy on all residual waste from this processing that goes to Landfill

A slightly lower Waste Levy on the proportion of waste tonnage that is combusted successfully to produce energy. This 'discount' on the Levy should not be significant but recognises at least one step up the hierarchy has been attempted

Scenario 5:

Three kerbside bins – Recycling, FOGO and Landfill

Residual from the Recycling process going to Landfill should attract the full Waste Levy

Residual from the FOGO process that goes to Landfill should attract the full Waste Levy

Waste tonnages to Landfill should attract the full Waste Levy

Scenario 6:

Three kerbside bins – Recycling, FOGO and Waste to Energy

This is best practice compliance to the WARR Strategy

Residual from the Recycling process going to Landfill should attract the full Waste Levy

Residual from the FOGO process that goes to Landfill should attract the full Waste Levy

Waste tonnages from the Waste to Energy bins should attract the full Waste Levy on all residual waste from this processing that goes to Landfill.

Maximising source separation

One of the key contributors to the success of the WARR Strategy will only come if there is significant uptake of source separation of waste streams into the appropriate bin; thus reducing the residual tonnages from processing of higher order waste streams such as Recycling, FOGO and Waste to Energy bins. Whilst education and encouragement of residents will be the primary tools to achieve better source separation, it is recognised that residents are the ultimate end user who pay for waste disposal either through the Council Rates or Bin Charges levied by Council. (For the purposes of this discussion this excludes residents in MUDS or Commercial Lifestyle / Retirement villages where independent commercial waste disposal schemes may apply). Changes to the Waste Levy will impact these costs borne by the resident and may change behaviours.

It is proposed that where a Council has adopted the best practice outcome (Scenario 6 above), that DWER provide a further rebate on the Waste Levy to the Council (which is then passed on in lower costs to the residents) measured on the success of the source separation by residents. This can be achieved by regular bin audits based on representative sampling funded from the Levy.

As waste performance is then compared on the MyCouncil web site, residents in council areas who don't move towards best practice outcomes will see the benefits provided to residents in Councils that have done so – generating a groundswell for change.

Chapter 4 Rate of the levy

Q1 How has the waste levy benefitted or affected your waste business or operations?

The Levy has a direct impact on Local Government sector waste management as it is a cost which is passed onto residents via the annual rubbish charge process. If the Levy is not actively reinvested back into waste avoidance and resource recovery, Local Government is paying a cost but has limited ability to reduce that cost or reap the sustainability benefits of improved processing through strategic infrastructure investment.

Whilst the levy is applied to waste generated in the metropolitan area, there is suspicion that waste levy avoidance behaviour by some waste operators has resulted in commercial waste, generated in the metropolitan area being disposed of at non-metropolitan landfills to avoid paying the levy.

The City pays the levy through its landfill fees which equate to approximately \$1.5million annually which solely makes up approximately \$65 per year of the annual Rubbish Charge to ratepayers and since the levies introduction back in 1998 equates to approximately \$20M.

Q2 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?

The rates and uses of revenue collected from the levy is different across the nation.

Up until 2010 in Western Australia 100% of the levy revenue was hypothecated for spending on strategic waste management activities, with just 25% currently allocated to the WARR Account to fund waste & recycling programs such as Better Bins program.

The full hypothecation of the revenue could potentially expand the range of programs offered to include initiatives that require capital, innovation in waste, resilience by reducing reliance on others i.e. overseas processing and increasing the ceiling on funding.

Q3 Please provide information on potential impacts which may result from increasing the waste levy?

Impacts which may result from increasing the waste levy include:

Further increase in Annual Rubbish Charge to ratepayers with no anticipated improvements reflective of the cost increases,

Review of Transfer Station operations, which are a service provided to City residents at a cost (including landfill levy) in respect to the number of free entries which may contribute to in turn increased litter and illegal dumping a major issue for hills Councils, enforcement and clean-up costs.

Q4 If you knew when the waste levy was going to be varied, how would it affect your decisions about managing waste or related investments?

Local governments are required to prepare long term financial plans out for 10 years it would therefore be beneficial if the waste levy was aligned to this time period to give certainty to long term infrastructure project planning not specifically only related to waste infrastructure. Further existing waste operations could be reviewed over the long term to ensure they remain viable and relevant whilst remaining sustainable. Advanced confirmation of levy increases and when will provide Local government greater clarity in cost and investment decisions.

Chapter 5 Setting future levy rates

Q1 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?

A planned schedule of changes (10 year rolling schedule) in levy rates will ensure Local Government can plan and budget for changes to the Levy and has a firm basis from which to develop business cases on changes to services. Certainty in this regard is considered particularly important when investing in, and committing to, long term waste management solutions as well as managing flow on impacts such as annual rubbish charges.

Chapter 6 Geographical area of the levy

Q1 Are there opportunities for the recovery of regional waste that would be made more viable by a regional waste levy

As previously mentioned whilst the levy is applied to waste generated in the metropolitan area, there is suspicion that waste levy avoidance behaviour by some waste operators has resulted in commercial waste, generated in the metropolitan area being disposed of at non-metropolitan landfills to avoid

paying the levy. Therefore, the way in which the Levy has been enforced in the metropolitan area, has not provided confidence that the State Government has the capacity or resources to address these concerns and manage any expansion beyond the Metropolitan area.

If the State Government were to impose the Levy in the non-metropolitan area, it should be on the same basis, rules as the metropolitan area with 100% hypothecation of the Levy to strategic waste management activities, commitment to fund priorities, but take note of the limited resources available in rural Local Government in Western Australia to address these issues.

Q2 Where are these opportunities most likely to be viable?

No Comment

Q3 What rate of waste levy could be required to make them viable?

No Comment

Q4 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?

No Comment

Q5 What other advantages or disadvantages could arise from a regional waste levy?

It will allow all owners and operators of waste facilities to be operating on a level playing field where the same waste levy and exemptions apply. It also ensures greater alignment to the objectives of the Waste Strategy across the State by providing an incentive to recover materials rather than paying to landfill them.

Chapter 7 Waste management options to be levied

Q1 The 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?

The City does not support the Levy being applied to waste received at licensed premises whose primary purpose is resource recovery. It accepts the need for a Waste Levy on the disposal costs for waste received at Transfer Stations on the waste that goes to landfill. The City strongly opposes the application of the Levy to waste delivered to licensed premises such as transfer stations, material recovery facilities, green waste processing facilities and alternative waste treatment facilities. The rationale being is that waste transfer station operations provided for residents are factored into the overall costs of providing the service for residents so having the levy applied at the 'front end' with offsets for the 'back end' do little to change the overall waste disposal behaviour and add to the administrative burden for Councils.

The City along with other Local Governments has entered into long-term arrangements that has committed its residual household municipal solid waste tonnages to waste to energy facility in East Rockingham.

Upon being able to enter into a suitable commercial agreement with a provider of FOGO, the City will be commencing a fully compliant three bin system for residents comprising Recycling, FOGO and

Red Lid Bin which will be going to the East Rockingham RRF Waste to Energy Plant. This is a clear demonstration that the City will be maximising its compliance to the hierarchy contained in the WARR Strategy with only the bare residuals from each process being sent to Landfill.

It is viewed that whilst we have voluntarily adopted this strategy, any use of the Waste Levy as a tool to encourage movement of waste streams higher up the hierarchy shouldn't inadvertently penalise those Councils who are 'doing the maximum' in this regard. To this end, any inclusion of the Waste Levy to Waste to Energy Processing needs careful consideration.

Q2 Would a waste levy on energy recovery have a different effect on your operations?

A levy on energy recovery will impact the City who are a participant to deliver their residual household waste to the East Rockingham RRF Waste to Energy Plant once it is completed. This will make disposal of waste more costly (depending on the rate of the levy imposed on energy recovery) than landfill disposal at the Red Hill Waste Management Facility. As previously outlined the City is implementing a three kerbside bins set up – Recycling, FOGO and Waste to Energy, which is best practice compliance to the WARR Strategy and supports;

Residual from the Recycling process going to Landfill should attract the full Waste Levy

Residual from the FOGO process that goes to Landfill should attract the full Waste Levy

Waste tonnages from the Waste to Energy bins should attract two components:

The full Waste Levy on all residual waste from this processing that goes to Landfill

A slightly lower Waste Levy on the proportion of waste tonnage that is combusted successfully to produce energy. This 'discount' on the Levy should not be significant but recognises at least one step up the hierarchy has been attempted

Q3 Are there any other waste management options where applying a levy could help achieve the objectives of the Waste Strategy 2030?

The stockpiling of materials such as construction & demolition waste, soils, fill and overburden on a long term basis do not currently attract the levy, but they can create environmental, abandonment risks.

Chapter 8 Other improvements to the waste levy

Q1 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 the Waste Strategy 2030?

A clear rationale for the levy is essential for assessing the appropriateness of all policy decisions which relate to the levy, such as how it is charged, the rate applied and importantly where the money is spent.

Generally, the City believes that the Waste Levy should be set and utilised in a manner which influences the waste management industry to deliver better environmental outcomes that are aligned with the concepts stated within the WARR Strategy 2030.