

Waste Levy Review
Department of Water and Environmental Regulation
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WA 6919

Delivered by hand

10 July 2020

Dear Sir/Madam

Department of Water and Environmental Regulation	
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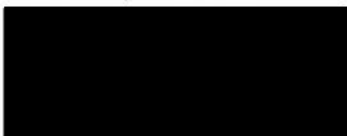
SUBMISSIONS ON DWER WASTE CONSULTATION PAPERS

Please find attached the Mindarie Regional Council's responses to the Department's consultation papers *Closing the Loop* and *Review of the Waste Levy*.

The responses provided in the attachments were approved by Council at the Ordinary Council Meeting of 2 July 2020.

Please do not hesitate to contact us should you require any clarification on the responses provided.

Yours faithfully



GUNTHER HOPPE
CHIEF EXECUTIVE OFFICER
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Background

The Government of Western Australia (WA) released a consultation paper entitled '*Closing the Loop – Waste reforms for a circular economy*' in February 2020 in support of their *Waste Avoidance and Resource Recovery Strategy 2030*.

The Council of Australian Governments (COAG) has introduced a timetable for a ban on the exportation of various recycled materials. The first of the bans (mixed plastics) is due to come into effect on 1 July 2021.

Guiding principles of the consultation paper are the protection of human health, protection of the environment and supporting a circular economy.

Submissions were originally due by 15 May 2020, but this deadline has been extended to 15 July 2020 to make allowance for delays arising from the COVID-19 pandemic.

In this document, the Mindarie Regional Council (MRC) has outlined its responses to the questions posed in the consultation paper, as well as providing some general observations in respect of the practicalities of a circular economy and the waste industry in WA more generally.

General observations

Waste avoidance

A significant focus on the consultation paper is on recovery and regulatory initiatives. In line with the waste hierarchy, an increased focus on programs that drive a reduction in waste creation is notably absent. Where effective behaviour change can be achieved, this will help reduce the need to use resources for collecting, processing and recovering material, and regulating the industry.

The MRC would encourage the State Government to prioritise the rollout of an ongoing behavioural change program that will yield multi-generational benefits in the area of waste.

Circular economy

A closed loop system requires all elements of the cycle to be present in order for it to work effectively. Australia does not have a strong manufacturing sector, particularly manufacturers that create products from recycled materials. This means that in order for the circular economy principle to be introduced effectively, significant investment in economically sustainable domestic manufacturing businesses needs to occur.

At the same time, a larger view of what constitutes the circular economy needs to be explored. It may not make economic or environmental sense for WA to seek to become its own circular economy. The economies of scale required for some industries – paper mills for instance – may not be present in WA.

The MRC would encourage the State Government and COAG to engage with waste industry and manufacturing representatives to better define and document what the realistic parameters for a circular economy in WA and Australia may be.

In addition, each tier of Government has an ability to significantly change their procurement processes by requiring the inclusion of recycled or recovered content in their products.

Product design and recovery rates

A key factor in achieving the levels of material recovery contemplated by the Waste Strategy 2030 is the need for improved product design. Most consumer goods are made with ease of manufacture and cost saving in mind, rather than their ability to be recovered for recycling. Products need to be designed and produced from materials that can be easily deconstructed, separated and recovered for recycling.

Product stewardship schemes have the ability to require producers to take positive steps in this direction so as to help them minimise their costs of dealing with their end-of-life products.

The MRC would encourage the State Government and COAG to engage with waste industry and manufacturing representatives to introduce consistent, Australia-wide product compulsory stewardship schemes for products that are challenging to recycle or reuse. Where the end-of-life costs are borne by the manufacturer, they are incentivised to improve their product design with recycling and reuse in mind.

Progressing Right-to-Repair legislation would be a practical example of how COAG can advocate for federal law changes on a product design front.

Understanding markets

Viable end markets are incredibly important in order for the state's waste recovery efforts to be successful. Failure to correctly identify the needs of prospective end markets and the economics associated with using the recovered materials can have a materially adverse impact on the sustainability of recovery efforts.

The current roll out of the Food Organics Garden Organics (FOGO) is a case in point. The strategy to create a separate FOGO waste stream is being implemented without a clear line of sight as to who the market for the end product will be, what capacity the markets have to absorb the material being produced and what the associated economics are.

The MRC would encourage the State Government to invest in the appropriate market scoping and development before implementing strategies that require the use of a recovered waste stream as an input.

Landfill capacity and waste levy hypothecation

There is currently an oversupply of landfill capacity in Perth and surrounding areas. If the State Government is committed to resource recovery it would seem logical to restrict the number of new landfills being licensed in WA to those that meet a particular need – ie class IV or class V landfills.

The waste levy currently provides a significant financial deterrent to landfill being the easy option for waste management. The waste levy needs to be set at a level that assists the viability of resource recovery operations. However, simply increasing the waste levy on material sent to landfill without reinvesting those funds in the recovery industry, places an undue financial burden on residents in particular, with no positive return to the community.

The MRC would encourage the State Government to only increase the waste levy when the increase is fully hypothecated to fund recovery activities across the state. Investment in the recovery industry needs to focus on the development of significant commercial projects which have the ability to make a significant impact on the waste volumes being produced. Smaller scale community investment is still appropriate, but it will typically have commensurately smaller impacts on waste recovery efforts.

Chapter 7 - Aligning the EP Act with waste avoidance and resource recovery objectives

Consultation questions

- 7.1 If you are an operator of a licensed waste facility under the EP Act, please provide feedback on Options 1 and 2. Please describe the potential benefits or costs from these changes and any unintended consequences which may occur.

The MRC supports Option 2 on the basis that this will create greater legislative alignment and likely result in improved controls over waste processing facilities. The MRC does not foresee that the proposed changes will materially impact the way in which it operates, however it is difficult to comment definitively without seeing the detail of the proposed legislative changes.

- 7.2 If Option 2 is progressed, what support, guidance or infrastructure will be required by waste stakeholders to implement new licence conditions?

The support, guidance or infrastructure by stakeholders will depend totally on what the proposed new licence conditions would be, and may vary significantly depending on the size and complexity of the particular operations or entity.

- 7.3 Are there any other policy approaches which will support better alignment between the EP Act, WARR legislation and the Waste Strategy 2030?

No comment.

Chapter 8 – Clarifying the application of the waste levy

Consultation questions

- 8.1 If you are the licensee of a waste facility, please provide feedback on your preferred option for modernising key terms in waste legislation, and when the waste levy will apply. Please provide supporting information where possible.

The MRC is broadly supportive of initiatives that combat intentional avoidance of the waste levy by means of stockpiling of material.

In this specific instance though, the MRC is supportive of Option 1, as there are concerns that both of Option 2 and Option 3 may have unintended consequences which would work counter to the objectives of the Waste Strategy 2030.

Option 2 has the potential to prejudice operators who receive leviable waste for the purposes of recycling that material. To optimise transport logistics, specific leviable waste streams are held on site for a period of time to allow a commercially viable quantity of the material to accumulate prior to it being shipped offsite for recycling. Option 2 would likely result in the levy needing to be paid on receipt of the material, which raises questions as to whether the operator would be entitled to a refund/offset of the levy once the material is shipped offsite for recycling and whether, presuming a refund/offset is granted, it is equitable to expect the operator to bear the cashflow burden of this arrangement.

It is not uncommon for landfill operators to use the material produced from their landfill excavation activities as daily cover on their landfill cells. Option 3 has the potential for an operator to now incur the levy on this material.

- 8.2 What are the potential benefits or cost impacts that may result from the proposed legislative options? Please provide supporting information where possible.

As outlined in the response to 8.1 above, Option 2 has the potential to require operators to bear the cashflow burden of the time delay between when the levy would need to be paid and when the levy refund could be claimed, as well as creating an element of additional administrative/compliance burden for operators.

Option 3 has the potential to significantly increase the cost of landfill operations where they do not currently source their daily cover from external parties.

- 8.3 Please provide any further suggestions to improve terminology under WARR legislation and the application of the waste levy in Western Australia.

If one of the intents of the proposed changes is to help combat stockpiling, then perhaps this could be more effectively regulated through the setting of limits for stockpiles, compulsory volume reporting and regular compliance audits, coupled with improvements in state-wide waste tracking.

Chapter 9 – Modernising landfill licensing and levy liability for waste disposal

Consultation questions

- 9.1 If you are a waste stakeholder, what is your preferred option for the landfill licensing categories under the EP Act? Please provide supporting information where possible to support your response.

The MRC would support the implementation of Option 2 which leads to a simplification of the classification structure, while still providing enough clarity for various internal and external stakeholders as to the nature of the individual landfill operation. Option 1 is the least preferred option.

- 9.2 Should Category 89 landfills be required to be licensed under the EP Act to improve the management of environmental and health risks, of the effective implementation of the waste levy? Please provide evidence where possible to support your response.

The MRC is of the view that Category 89 landfills should be required to be licensed, but with conditions or exclusions appropriate to their individual characteristics being applied.

- 9.3 If you are a local government with a Category 89 landfill, please provide information on the benefits or costs associated with the licensing of Category 89 landfills under Options 2 and 3.

Not applicable.

- 9.4 If a licensing exclusion is available for Category 89 landfills, please comment on a proposed scope of the exclusion, and a justification for the approach.

The exclusion would need to take into account the specific characteristics of the landfill in question, giving consideration to such matters as population demographics, quantities of materials deposited annually, the specifics of the environs in which it is located, pre-existing conditions, availability of alternative waste recovery options, etc.

- 9.5 Should operators of Category 66 landfill premises that accept hazardous wastes be liable to pay the waste levy as “waste disposal premises”?

The current title of intractable waste is useful in that it indicates that there are no other viable alternatives for these waste streams. Given the already increased costs associated with the construction of these landfills, the application of the waste levy is unlikely to act as a significant deterrent to the utilisation/creation of these waste materials.

The MRC does not think that the waste levy should be applied to these premises until such time as viable alternative recovery options for this material become available.

- 9.6 Please provide feedback on the proposed approach for Category 53 (fly ash disposal) outlined in section 9.1.5 – Should fly ash disposal be regulated as a separate process, or should it be regulated as a licensed landfill? Please provide information where possible to support your response.

In considering fly ash, coal fired power stations are listed as an example of where this waste stream may originate from. Given that two Waste to Energy plants will be coming on line in the next 3 years in WA, perhaps this consideration needs to be broadened to include the ash products generated by those facilities.

This might necessitate a differentiated approach to residue ash products from Waste to Energy facilities (primarily a waste process), which may be most appropriately dealt with as a licensed landfill, and ash produced from power stations (primarily an energy generation process) which can continue to be dealt with under Part 2.

Chapter 10 – Simplifying the solid waste licensing categories

Consultation questions

- 10.1 Please identify a preferred option for regulating solid waste storage premises outlined in Options 1, 2 and 3. Please provide information where available.

Pursuing Option 3 seems like a logical course of action in terms of simplifying the classification categories.

- 10.2 Will the proposed changes to the solid waste categories (Categories 56, 57, 61A, 62) support further re-use and reprocessing of solid waste and used/waste tyres? Please provide information where available.

The proposed changes to the categories themselves don't seem to specifically support re-use and reprocessing activity. The specific regulations or licence conditions imposed on individual facilities are more likely to have the potential to make a positive impact on re-use and reprocessing outcomes.

- 10.3 Under Option 3, the proposed licensing threshold for the new category which merges Categories 13, 61A and 62 will be 1000 tonnes or more per year. Please provide feedback on the impacts of this proposed threshold.

No comment.

- 10.4 Please provide feedback on the proposal to regulate large MRFs under Options 2 and 3. Please provide evidence or further information where available.

The MRC is supportive of MRFs being regulated. Recent significant facility fires have highlighted the need for oversight to help reduce the risk posed to both human health and the environment.

- 10.5 If you are the occupier of a used tyre storage facility, what will be the potential benefits or costs impacts if Option 3 is implemented? Should tyre storage premises which store more than 100 used or waste tyre (but less than 500 used or waste tyres) and less than five tonnes of tyres, be subject to licensing? Please provide further evidence or information.

Option 3 is unlikely to have a significant impact on the MRC's operations. Premises which store between 100 and 500 used tyres, or less than 5 tonnes, at any one time should be licensed, as tyre stockpiles of more than 100 tyres pose a potential environmental risk if not managed properly.

- 10.6 Please provide feedback on whether metal scrap yards in Western Australia should be licensed under Category 47 because of the potential risks to human health and the environment. Please provide evidence or further information.

The MRC is of the view that scrap metal yards should be licensed, and in a consistent manner. This will assist in tracking waste movements in WA, as well as helping to reduce the possible environmental risks associated with these operations.

Chapter 11 – Minimising stockpiling at waste storage premises

Consultation questions

- 11.1 Please provide feedback on the proposal in Option 2, which will impose the waste levy if waste is not removed from specified waste storage facilities within 12 months if it is not processed, and it is not going to be sold or used. If you are the operator of a waste facility, what are the potential consequences or impacts of this proposal? Please provide evidence of further information.

While the 12 month timeframe proposed in Option 2 seems more than reasonable, applying the waste levy to material which is intended for recovery in some form simply to reduce the practice of stockpiling, is perhaps using the wrong tool for the job. In addition, the proposed mechanism would only partially reduce the risk of abandonment / operator insolvency.

Perhaps a more useful mechanism would be something similar to what is proposed in Option 3, whereby operators are required to lodge a financial make-good guarantee with the regulator before accepting waste. The guarantee would be commensurate with the quantity of waste the operator is seeking to handle and be scalable should their operating volumes increase. This would not be the waste levy, but rather a separate bond or guarantee that is lodged by the operator in favour of the regulator, to be applied should the operator be unable to remediate the site.

This financial impost, coupled with appropriate licenced limits on stockpile quantities and regular compliance audits, is likely to be more effective in curbing stockpiling of material.

- 11.2 Please provide feedback on the proposal in Option 3, which will impose upfront levy liability and payment, with transport related levy exemptions. If you are the operator of a waste facility, what are the potential consequences or impacts of this proposal? Please provide evidence or further information.

Same commentary as for 11.1 above.

- 11.3 The proposals in Option 2 and 3 are intended to address long-term waste stockpiling at waste storage facilities. Will the proposals in Options 2 and 3 provide a sufficient financial incentive to remove waste stockpiles at waste storage facilities? Please provide evidence or further information.

Same commentary as for 11.1 above.

- 11.4 If you are a local business specialising in the re-use, reprocessing or recycling of waste materials, will the proposals in option 2 and 3 support your business, or contribute to new business opportunities in waste? Please provide evidence or further information.

Not applicable.

Chapter 12 – Waste levy exemptions

Consultation questions

- 12.1 Please provide feedback on Option 2, which intends to clarify and strengthen existing waste levy exemptions. If you are the licensee of a waste facility, what are the expected impacts or benefits of these proposed changes? Please provide evidence of further information.

The MRC is supportive of the measures being proposed under Option 2 and does not expect the changes to significantly impact on the MRC's operations.

- 12.2 Please provide feedback on the proposed time limit for retrospective applications for an exemption under Option 2, including potential impacts.

The MRC is supportive of the time limit being proposed for retrospective applications.

- 12.3 Please provide feedback on the proposed levy exemptions relating to regulation 5(1)(b) in Option 3. Are the proposed exemptions and timeframes for removing the waste suitable? Please provide evidence or further information.

While the proposed amendments to regulation 5(1)(b) and the timeframes involved seem reasonable, the MRC has concerns that the way that the waste levy is being proposed to apply to waste '*received or deposited*' at the landfill may have unintended consequences for legitimate recovery operations.

- 12.4 Please provide general feedback on the proposed waste exemptions, and if other waste levy exemptions need to be considered to support the Waste Strategy 2030. Please provide evidence or further information.

The MRC's position on the waste levy have been outlined in more detail in its submission in the '*Review of the Waste Levy*' consultation paper. The suitability of the proposed exemptions and the requirement for additional exemptions will depend largely on the changes made to the application of the waste levy, which have not yet been finalised.

Chapter 13 – Improving solid waste reporting from waste facilities

Consultation questions

- 13.1 If you are a licensee or occupier of a licensed waste facility, please provide feedback (with supporting information) on your preferred option in relation to solid waste data reporting. Please provide evidence or further information.

The MRC is supportive of Option 3 for statewide data reporting through a mass balance mechanism, however recognises that Option 2 may be more pragmatic to implement. High quality information and data will allow for improved policy decisions and more effective regulation of the waste industry.

- 13.2 Are there any other waste data reporting approaches which should be considered as an alternative for Options 1, 2 and 3? Please provide evidence or further information.

No comment.

- 13.3 If you are a licensee or occupier of a licensed waste facility, do you collect information on the weight or volume of waste, and the type of waste, received by your facility? If yes, do you store this data electronically? Please provide evidence or further information.

The MRC collects weight data for all waste received, as well as information relating to broad type classifications of the inbound material. This information is stored electronically.

- 13.4 What would be the expected cost impacts for licensed waste facilities to implement new reporting requirements under Options 2 and 3 (e.g. data collection, electronic record keeping, and monthly report)? Please provide evidence or further information.

The implementation of either Option 2 or 3 is unlikely to have a significant impact on the MRC's operations.

- 13.5 Please provide feedback on the proposed timeframes and data requirements under Options 2 and 3, and if they support the collection of accurate solid waste data across the State. Please provide evidence or further information.

The MRC would be supportive of universal quarterly reporting for both licensed and unlicensed sites. Have monthly reporting from one group and annual reporting from another will make it virtually impossible to do any sort of reconciliation of waste movements in a meaningful time frame. Whatever the preferred reporting timeframe is – whether quarterly or monthly – this should be applied universally.

For the system to work effectively, it would presumably need a common platform administered by the regulator into which each operator's information is captured using standard codes / common reference points to allow for cross-matching of information.

Consideration will also need to be given to process losses (evaporation, etc) that may occur at some waste facilities, as well as provision needing to be made for waste that is otherwise destroyed or lost to the system (landfill or MRF fires, etc).

- 13.6 Introducing mass balance reporting will support other proposals outlined in this paper (e.g. Chapter 11 – waste stockpiling). Will Options 2 and 3 (and Appendix 1) align with other legislative proposals in this paper? Please provide evidence or further information.

High quality information and data will allow for improved policy decisions and more effective regulation of the waste industry.

- 13.7 What other factors need to be considered to establish mass balance reporting in Western Australia for solid waste, and if progressed what should be the timeframe for its introduction? Please provide evidence or further information.

Implementation will be easier for facilities which already have weighbridges in place. Conversely, those facilities that do not have a weighbridge are likely to find the reporting obligations more challenging.

The sooner the system can be introduced the better. An implementation timeframe of 12 – 24 months would be reasonable.

Chapter 14 – Compliance and enforcement measures for waste

Consultation questions

- 14.1 Please provide feedback on the compliance measures to address unlawful waste disposal under Option 2. What are the potential benefits and impacts for waste stakeholders? Please provide evidence or further information.

The MRC is broadly supportive of the initiatives proposed under Option 2, subject to the comments around GPS tracking in 14.1 below. In addition, penalties for exceedances of waste stockpile limits should make exceptions for unintentional and / or temporary exceedances that are remedied in a timely manner.

- 14.2 Please provide feedback on the proposed GPS and record-keeping requirements for vehicles carrying leviable waste in the Perth metropolitan region under Option 2. What types of trucks, and which waste streams, should be tracked by GPS to minimise unlawful waste disposal in Western Australia? Do all waste transportation vehicles require tracking Please provide evidence or further information.

Where a universal waste tracking system is successfully implemented in WA, the requirement for GPS tracking is likely to be limited to a very small subset of operators. The MRC would be supportive of powers that allow for the installation of GPS monitoring equipment to be required in the vehicles of repeat offenders. This should only be implemented in exceptional circumstances.

At this stage, the MRC is not supportive of the universal installation of GPS units in waste transportation vehicles.

- 14.3 Please provide feedback on the proposed imprisonment option for serial waste offenders committing multiple breaches of the EP Act under Option 2, and whether this penalty would be a suitable deterrent for illegal waste activity.

The MRC is supportive of appropriate, significant penalties, including imprisonment where warranted, for repeated contraventions of the Act.

- 14.4 Please provide information on any other compliance and enforcement proposals which could be considered to address illegal waste disposal in Western Australia.

No comment.

Chapter 15 – Compliance and enforcement measures for waste

Consultation questions

- 15.1 If you are a licensee of a landfill that submits levy returns, please provide feedback on Option 2, including the proposal to issue a notice of assessment. Please provide evidence or further information.

Based on the MRC's experience, there does not appear to be a compelling reason to make the change and the MRC would be supportive of Option 1.

- 15.2 What other changes should be considered to improve the administration and collection of the levy? Please provide evidence or further information.

No comment.

Background

The Government of Western Australia (WA) released a consultation paper entitled '*Review of the waste levy*' in February 2020 in support of their *Waste Avoidance and Resource Recovery Strategy 2030*.

The intent of the consultation paper is to gather feedback on the scope and application of the waste levy.

Historically the levy has only applied to material landfilled in the metropolitan region and has increased progressively over the last 10 or so years to its current level of \$70 per tonne for waste sent to a putrescible landfill. For comparison, the levy rate in New South Wales is currently \$146 per tonne.

There is a move being signalled that the levy may be applied to more than just landfills, as indicated in the change in common nomenclature from 'landfill levy' to 'waste levy'.

Of the levy funds collected, 25% is currently hypothecated for funding waste initiatives in the state, with the remaining 75% taken into consolidated revenue.

Submissions were originally due by 15 May 2020, but this deadline has been extended to 15 July 2020 to make allowance for delays arising from the COVID-19 pandemic.

In this document, the Mindarie Regional Council (MRC) has outlined its responses to the questions posed in the consultation paper, as well as providing some general observations in respect of the application and use of the waste levy funds in WA more generally.

General observations

Waste levy hypothecation

The current waste levy is a significant burden for landfill operators. In the MRC's case, the levy accounts for roughly a third of the costs of operating the Tamala Park site.

The MRC's region covers roughly a third of Perth's population. Given that the MRC's landfill volumes come predominantly from its member local governments, the levy has a direct impact on residential householders.

The waste levy needs to be set at a level that assists the viability of resource recovery operations. However, simply increasing the waste levy on material sent to landfill without reinvesting those funds in the recovery industry, places an undue financial burden on residents in particular, with no positive return to the community.

At present, only 25% of the levy funds collected are hypothecated for re-investment in the waste industry, to improve recovery outcomes for our communities.

The MRC would encourage the State Government to increase the waste levy and at the same time, the level of hypothecation of the levy should be increased to fund recovery activities across the state. Investment in the recovery industry needs to focus on the development of significant commercial projects which have the ability to make a significant impact on the waste volumes being produced. Smaller scale community investment is still appropriate, but it will typically have commensurately smaller impacts on waste recovery efforts.

Levy exemptions

RESIDUAL WASTE FROM A BETTER PRACTICE PROCESS

Where operators run better practice facilities that remove all recoverable material from the waste stream, it would make sense that the residual material be considered for exemption from the levy.

Application of the levy to this material at its current rate or an increased rate will not drive improved outcomes for that material, as it is by definition residual.

MATERIAL USED FOR LANDFILL DAILY COVER AND CAPPING

At present, landfill operators are required to pay the levy on material brought to site for use as daily cover and for capping of landfill cells. The ability to obtain an exemption for material used in capping does exist, but the mechanism to apply for the exemption is reasonably onerous.

The MRC would like to see levy exemptions applied to material brought onto landfill for use as daily cover and for capping, neither of which is a discretionary activity.

Chapter 2 – Objective of the waste levy

Consultation questions

- 2.1 Are there any beneficial outcomes that can be achieved by a levy beyond those identified in the objectives of the Waste Strategy 2020?

No comment.

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

Consultation questions

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

The use of the levy to make other processing alternatives artificially more competitive is well understood, where these alternatives are available in the local geographic area.

The levy has the ability to have a significant positive impact on recovery outcomes, however this impact is greatly reduced by the fact that only 25% of the levy funds are hypothecated to the industry. A further weakness is that not even all of the 25% hypothecated is expended on industry development each year, resulting in a significant unused surplus in the WARR account.

The MRC would strongly encourage the State Government to hypothecate the levy fully for re-investment in the waste industry and that the hypothecated funds be invested in major infrastructure projects that will directly benefit ratepayers.

Chapter 4 – Rate of the levy

Consultation questions

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

The increases in the levy over the last number of years have driven commercial customers to find alternative processing options for their waste, resulting in reduced tonnes to the MRC's facility at Tamala Park.

The majority of the MRC's waste originates from its member councils' ratepayers. Where possible, councils have pursued alternative processing options for waste streams such as garden organics, however there is a significant volume of Municipal Solid Waste (MSW) that currently has no alternative to landfill. As a result, the levy is basically passed straight through to the ratepayer.

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

The increases in the levy to \$70 per tonne has helped WA's two Waste to Energy (WTE) projects achieve financial close. The levy has been sufficient to make WTE a financially competitive alternative to landfill.

Going forward, the level the levy is set at will be a key factor in the successful implementation of a Food Organics and Garden Organics (FOGO) system in WA.

Similarly, if the levy was fully hypothecated and re-invested in the waste industry, there would be sufficient funding capacity to help incubate or otherwise support waste processing facilities and industries that would otherwise not have sufficient certainty to justify the investment.

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

The potential impacts of an increase in the levy would depend totally on how the levy was applied in terms of geographical area and to which industries it was applied.

In the current context, the MRC sees little benefit in increasing the levy as presently applied to landfills unless it is coupled with full hypothecation of the increases to fund development in the waste industry.

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

The levy plays a significant role in helping justify investment in waste processing facilities. Waste processing infrastructure requires at least a 10 year contract period to be financially viable, with most requiring a 20 year contract period.

It is difficult for both vendors and customers to accurately price these contracts if there is sovereign risk / uncertainty with respect to how the levy is going to be applied and at what rate.

The MRC strongly encourages the State Government to commit to a 10 year planning horizon in respect of the application of the levy and the rate at which it will increase. This will give the required certainty to industry to help justify the financial investments required.

Chapter 5 – Setting of future levy rates

Consultation questions

5.1 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?

Refer the comments made under 4.4 above.

The MRC agrees that where the levy profile is set for a rolling 10 year period, there are likely to be developments which occur in the intervening period that require adjustments to be made to the levy or how it is applied.

The MRC would suggest that once the 10 year profile is set and changes to the levy are required, that grandfathering provisions be enacted for existing commercial contracts. For example, assume that the current WTE facilities in WA had been financed on the basis of a levy of \$70 per tonne being applied to material taken to landfill, and no levy being applied on material sent to a WTE facility for a period of 10 years. Where the levy is subsequently extended to include material sent to a WTE facility, the existing facilities should be exempted from the new provisions for that 10 year period.

Chapter 6 – Geographical area of levy

Consultation questions

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

The levy has the potential to make alternative waste processing facilities artificially more competitive with landfill. Typically, these facilities require a critical mass of waste to be viable, which may prove to be a limiting factor in smaller communities, affecting the viability of new processing infrastructure.

Waste costs will be driven up by the application of the levy and the ability of smaller communities to absorb these additional costs would also need to be critically assessed, before a levy was introduced.

The scale of operations expected in these non-metro areas would also need to be assessed as to whether they make a material difference to the overall strategic objectives of the Waste Strategy 2030.

- 6.2 Where are these opportunities most likely to be viable?

As per the response in 6.1, most alternative processing infrastructure requires a critical mass of waste. This means that the opportunities are more likely to be viable in larger regional centres such as Geraldton or Bunbury.

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

No comment.

- 6.4 Under specific circumstances, it is possible than 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.

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

Extension of the levy to regional areas has the potential to create an economic impost on those communities, as well as creating a significant administrative burden.

The MRC would support the extension of the levy area to the Peel region, however more effective waste tracking is likely to be the biggest deterrent to, and means to track, levy avoidance.

Chapter 7 – Waste management options to be levied

Consultation questions

- 7.1 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?

This is not anticipated to have a significant impact on the MRC's operations.

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

Depending on how the levy on energy recovery was applied in relation to the levy on landfilling, it may make landfill more financially viable than WTE, which would run counter to the intent of the strategy.

To the extent that there are concerns regarding recoverable material being sent to WTE, this would be more appropriately controlled by use of licence conditions and regular compliance monitoring, rather than through the application of a levy to such waste.

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

No comment.

Chapter 8 – Other improvements to the waste levy

Consultation questions

- 8.1 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 the Waste Strategy 2030?

Having the levy fully hypothecated for investment in the waste sector would have a significant impact on the creation of new waste processing infrastructure in the state.