

Submitted to Review of the waste levy
Submitted on 2020-07-15 15:31:27

Introduction

Your Details

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6 Do your views officially represent those of an organisation?

No, these are my personal views

If yes, please specify the name of your organisation.:

7 Which of the following best describes the group or person you represent?

Private citizen

If other, please specify.:

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:

Objective of the waste levy

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

The waste levy should be utilised to incentivise the minimisation of waste which in turn will protect our environment and create a more sustainable, low-waste, circular economy. A portion of the levies collected should be directed towards education on waste avoidance, recovery, reuse, reprocessing and recycling (the top five preferred options in the waste hierarchy). The two lowest options in the waste hierarchy; energy recovery and disposal, should both be levied (for non-residual waste and/or recyclables in case of WtE) in order to achieve the state's recovery target of 75% by 2030. Funding should also be directed to develop downstream onshore processing and markets for dealing with resource recovery including large-scale food organics and garden organics (FOGO) facilities; plastics processing, cardboard and paper milling and opportunities to deal with household hazardous waste materials and contaminated soils.

A portion of the waste levy collected should also be hypothecated to entities in the sector, to identify and implement alternative waste treatment technologies. This will support the part of the sector so the provision of levy funds would enable it to pursue waste treatment options, such as the introduction of FOGO collection and processing.

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

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

Strengths of the waste levy:

- by applying the waste levy across the State, it will encourage solutions aligned with the waste hierarchy, the Waste Strategy 2030 and act as a deterrent to landfilling materials which can be recycled or otherwise re-used; and
- the addition of a waste levy on energy recovery for non-residual waste or recyclables, such as on waste to energy (WtE) facilities, will assist the State to achieve the objectives of the Waste Strategy 2030, as it will encourage the use of materials which cannot otherwise be recycled to produce energy, rather than that material being landfilled;

Weaknesses of the waste levy:

- the levy is a blunt instrument and a large portion is directed to the State Treasury rather than back to the waste management sector. This lack of distribution of the funds collected from the accumulated waste levy flowing through to entities in the sector will stifle other cost prohibitive capital projects to undertake other waste initiatives that will assist the state in achieving the state waste target of 75% recovery by 2030; and
- the limitation of just using a waste levy to achieve the WARR targets triggers all kinds of market responses (mostly negative) and creative evasion methods as we have seen over the past decade, for example disposing of waste in unlevied regional landfills, stockpiling and illegal dumping. Not just stick, but also carrot like incentives.

Recommend the following to improve the application of the waste levy:

- there should be mandatory use of weighbridges by all waste management and resource recovery facilities across the State to accurately calculate the leviable waste and incentivise waste avoidance, recovery, reuse, reprocessing and recycling rather than waste levy avoidance. The use of weighbridges would also assist in the collection of waste data. Establishing accurate waste data has been identified by the Waste Authority as an ongoing challenge in waste management. Improved data collection and analysis will better enable the measurement and evaluation of sustainable waste initiatives. This can result in funding and other resources being directed to where they are most needed and can be most effective;
- all landfills should be licenced and regulated under the Environmental Protection Act 1986 (WA) (EP Act);
- all landfills should be lined
- the destination of all waste from all waste generators should be tracked and all waste operators should be licensed in order to accurately capture the amount of waste generated and disposed of; and
- the banning of certain waste streams to landfill or WtE, such as separated organics, Garden Organics (GO) and Food and Garden Organics (FOGO) and untreated timber, will enable the transition to a system which is easier to control and oversee.

Rate of the levy

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

N/A

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?

South Australia, New South Wales and Queensland all currently have levies between \$105 to \$155 per tonne of solid waste. South Australia has the highest rate of resource recovery and recycling rate in Australia. Its resource recovery rate is 82% and its recycling rate is 78%. Across Australia, the average resource recovery rate is 62% and the recycling rate is 58%. National harmonisation of levies would create clarity, a national approach to sustainability and a level playing field. An increase from the current WA landfill levy of \$70 per tonne to \$140 per tonne would help achieve this alignment. There needs to be a 10 year schedule which outlines the State's planned increases in the waste levy and when the increases will occur, to act as guidance and investment certainty for the sector.

The application of the waste levy to PFAS contaminated waste and asbestos is an example of where an exemption from the levy should prevail because of the environmental benefit of these materials being disposed of safely in a licenced landfill as opposed to illegally dumped or stockpiled. This should apply in particular to State Government bodies such as the Public Transport Authority, Department of Fire and Emergency Services and also to the remediation of Commonwealth land. The exemption for the payment of the waste levy on asbestos containing material is generally accepted and applied in States including South Australia and Western Australia

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

Impacts which may result from increasing the waste levy include:

- decrease of waste generation;
- operational efficiencies within the waste industry to reduce costs associated with the waste levy;
- more waste levy funds available for reinvestment in the waste sector;
- more investment and jobs in the waste sector;
- more material available for recycled content to replace virgin raw materials;
- landfill rationalisation due to less waste available resulting in an uneconomical volume;

- potential stockpiling of waste materials if the levy is not applied to waste stockpiled for longer than 12 months as suggested in the DWER's 'Closing the Loop' consultation paper; and
- levy avoidance through illegal dumping.

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 fact that the waste levy falls under the jurisdiction of the State government and like any government fee or charge, it can therefore be varied with the approval of the Minister. In order to plan ahead and budget for levy changes it would be beneficial if government could prepare a 10 year plan.

The introduction of a true waste levy (not just landfill) would be a different matter, however. This would impose additional costs on operations that had not been previously planned for and needs to be explored further. An example of this would be if the State imposes a levy on energy recovery, such as WtE facilities.

The imposition of any levy or changes in the rate of the levy will represent a business risk on any medium or long term project. Unlike overseas markets with matured resource recovery markets that support a circular economy, the risk of any new levy or changes to the levy is an impost for market participants if they are unexpected and cannot be planned for. Advance confirmation of when and by how much the waste levy would be varied will provide greater clarity in cost and investment decisions.

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?

A planned schedule of changes in levy rates is highly recommended to allow for waste facility operators to better plan, budget and manage any flow-on impacts.

Further, when considering large homogenous volumes of waste that should only ever be landfilled (such as asbestos and PFAS), the state should give consideration to applications for exemptions, such exemptions to be approved by the Minister and the Director General.

WARR Regulations will need to be amended to set a time limit for making retrospective waste levy exemption applications. This is because currently no time limit is specified within which an application for an exemption can be made retrospectively (that is, after the levy is paid or becomes due for payment). In the absence of a time limit, there is the potential that applications for an exemption can be made many years after the waste was accepted by that facility. This would undermine the collection of waste data, as well as being financially and administratively disruptive.

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?

At present an unlevel playing field has been created whereby the State imposes a levy on metropolitan landfills but not rural, regional and remote landfills. This has created levy evasion tactics by some waste operators whereby they take waste that was generated in the metropolitan area to landfill sites outside the metropolitan area.

It seems that DWER has increased resourcing to police this practice.

If a levy was applied across the State it would make it more attractive for operators and generators of waste to take a more proactive approach to recover, reuse, reprocess or recycle waste. This would result in better sustainability outcomes and the transition to a circular economy. The size of the levy may need to be adjusted for remote areas rather than just apply one levy across the whole state.

2 Where are these opportunities most likely to be viable?

Opportunities are likely to be more viable in the peri-urban Councils (such as the Shires of Gingin, Chittering, Toodyay, York and the Town of Northam) and the larger regional centres around the State. Small 'Council operated' (and in many cases unmanned) landfills may struggle to provide recovery facilities, but this is something that could be worked through on a case by case basis, perhaps in liaison with WALGA. All commercial operators, regardless of size or location, should be subject to a waste levy if they dispose of waste to landfill or stockpile waste for longer than 12 months.

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

The same levy cost should be applied to all peri-urban and larger rural, regional and remote landfill operations with perhaps a 25-50% reduction for smaller waste facilities. This could be done on a pro-rata basis, based on the tonnages collected annually.

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?

At present some waste facility operators/owners and waste generators are disposing of waste without the \$70 per tonne cost being added to the disposal cost at facilities outside metropolitan WA.
200km one-way including returning empty is about \$30 per tonne in transport costs.

5 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.

The current system creates an unfair advantage to regional landfills with rogue operators allegedly diverting waste generated in the metropolitan area to regional licensed and unlicensed landfills.

An additional advantage would be the potential to rationalise smaller regional landfill sites, establish waste transfer stations for the consolidation of waste and the establishment of larger, regional waste management sites operating best practice activities.

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?

Does not affect my home and work waste management systems at all.
But in case only energy is recovered, valuable resource might be lost.

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

No. But depending on the levy, it might still be cheaper than landfilling.

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

Waste and recycling should be considered as an essential service. More emphasis should be placed on public private partnerships (not just left to the market to resolve) where risk and reward are shared and this creates contingencies and integrity of the system as a whole.

Education and other options than landfill and WtE should be promoted to the community. For example, the Waste Wise Schools programme with the schools having identical bin as we have in the workplace and at home, the inclusion of FOGO to the kerbside collection services and the Roads to Reuse programmes currently run through the Waste Authority of Western Australia. A higher levy would also create more incentive to avoid generating waste in the first place.

The third target of protecting the environment by having best practice facilities by 2030 would be assisted by a levy increase as the sector would be more comfortable to invest in recovery infrastructure. For example, there should be funding for facilities to produce quality materials for which there is a demand eg making pelletised HDPE, PET, PP which can be readily exported and avoid the effect of the China Sword policy

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?

The waste levy should be charged at all waste and WtE facilities, including waste transfer stations. These transfer stations would get credits if the material moves out (which it should as the mass balance should be nil).

The system would be similar to Goods Services Tax.

If the material subsequently goes to a recovery facility, that site would get charged and receive the credit, if the material is processed within 12 months. Otherwise it should be considered as stockpiling and the levy should be applied to disincentivise this. Landfills and WtE facilities should always require charging and passing on the levy as is currently the practice with most landfills. If entities who operate a landfill, introduce waste recovery processing, such as FOGO processing, they should receive a rebate on the landfill levy payments to encourage the introduction of such measures and thus contribute to achieving the targets of the Waste Strategy 2030.

