



Waste Levy Review
Department of Water and Environmental Regulation
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JOONDALUP DC WA 6919
Email: wastelevyreview.query@dwer.wa.gov.au

15 July 2020

Dear Sir/Madam

Re: Review of the waste levy

The Waste Management and Resource Recovery Association of Australia (WMRR) welcomes the opportunity to provide feedback on the Department of Water and Environmental Regulation's (DWER) *Review of the waste levy* consultation paper.

WMRR is the national peak body for all stakeholders in the \$15.5 billion essential waste and resource recovery (WARR) industry. Nationally, we have more than 2,000 members representing over 500 entities that operate in a broad range of organisations, the three (3) tiers of government, universities, and NGOs.

WMRR acknowledges the ongoing work that DWER is undertaking as part of ongoing legislative reform across the state, in order to meet the aims of the *Waste Avoidance and Resource Recovery Strategy 2030*, and modernise WA's environmental protection legislation.

WMRR supports the landfill levy as part of an integrated suite of policies to both incentivise resource recovery and recognise the true long-term cost of managing material disposal, that both supports and underpins the waste management hierarchy. WMRR views the levy as an appropriate economic tool to support diversion targets, with the overarching objective being to achieve the socially optimal level of residual waste going to landfill versus alternatives, such that the overall economic welfare of society is maximised.

WMRR supports DWER's review of the levy to tackle issues such as levy avoidance and evasion, and to ensure that it bolsters and meets the three (3) objectives in the *Waste Strategy 2030*. The Association's full submission can be found below; in summary, WMRR agrees that:

- The regions covered by the levy should be expanded.
- An economic analysis should be undertaken to determine suitable levy rates in both the metropolitan and expanded levy areas.
- A schedule of future waste levy rates, with a minimum five-year horizon, should be established.

Further, WMRR advocates that waste levy expenditure must be reviewed to ensure the actions within the *Waste Strategy 2030* are administered and driven effectively and calls for 50% re-investment of waste levy revenue to industry programs, policies, and actions. Please do not hesitate to contact the undersigned if you would like to discuss WMRR's submission

Yours sincerely



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SUBMISSION

Issue	Chapter(s)	Questions/discussion points	WMRR's feedback
General - Objectives of the levy and <i>Waste Strategy 2030</i> .	1-3	<ul style="list-style-type: none"> - General comments - What other additional beneficial outcomes can be achieved by a levy beyond those identified in the objectives of the <i>Waste Strategy 2030</i>? - The strengths and weaknesses of the levy in achieving the objectives of the <i>Waste Strategy 2030</i>. 	<p>As noted above, WMRR agrees that the waste levy is one of a number of levers that government can pull to ensure that its waste management and resource recovery objectives are met.</p> <p>WMRR believes that there is a need to hypothecate more of the levy back to industry and WMRR is advocating for a minimum of 50% of levy revenue being reinvested back to the waste and resource recovery sector; including private industry.</p> <p>According to the Waste Authority's 2017-18 figures, WA generated 1.59Mt of MSW, 1.56Mt of C&I, and 1.51Mt of C&D materials. However, there remains too little focus and emphasis on the latter two (2) streams and this is problematic. For one, MSW is not particularly responsive to the levy as local government can pass on levy costs to ratepayers (and this is often the case), negating the price signal. This view is supported by no significant changes to MSW recovery rates over the past five (5) years where data is currently available – 559,800t recovered in 2013-14, 530,200 in 2014-15, 512,500 in 2015-16, 485,800 in 2016-17, and 562,300 in 2017-18¹.</p> <p>WMRR strongly believes that WA has significant opportunity with the other material streams, to drive re-use and remanufacturing. However, there are real barriers to the use of recycled materials in WA (impacting jobs and investment growth) such as the fact that at present, the majority of the cost of processing is incurred by the recycler, including the testing of contaminants, making recycling far less cost competitive than the use of virgin material. There is a cost to recycling, but this comes with significant benefits through local job creation and avoidance of use of virgin materials, all of which continue to be ignored; WA requires a shift in thinking as well as more efficient and considered use of the levy.</p> <p>While the levy provides a financially favourable environment for diverting material from landfill, it</p>

¹ Waste Authority data fact sheets (2017-18).

			<p>does not guarantee that regulation, industries and other support structures will be in place to support diversion.</p> <p>As such, WMRR continues to advocate for mandated use of recycled product in all government infrastructure projects; the levy needs to and can be supported by complementary policy, a robust regulatory framework, and investment from state government to develop market demand for recycled products.</p> <p>For example, while Main Roads WA has criteria for the use of recycled content, these criteria at present are unachievable at competitive pricing. Incentives and/or subsidies can assist and drive the preferencing of recycled material – incentives and subsidies that could be supported by waste levy revenue. In doing so, greater value will be placed on recycled material (of which numerous tests and trials have been successfully completed across a range of material streams) and allow developers, who often select the least cost option, to consider post-consumer recycle in their projects. It will also mean new jobs in WA.</p> <p>There are also issues surrounding the objectives and targets with regards to how the effect of a changing levy will be recorded and monitored. The ability to recover materials and have available industries to reuse waste-derived products are key areas that can support or outweigh the effects of the levy.</p> <p>Ultimately, increased and efficient use of levy funds by government has the ability to further support alternatives to landfill, otherwise landfilling may continue as the attractive low cost option.</p>
Rate of the levy	4	<ul style="list-style-type: none"> - Current benefits and/or effects of the levy on operations/business. - Opportunities that will become viable with increasing the levy or if the levy is applied differently. 	<p>The levy has the potential to drive improved waste management and resource recovery practices and opportunities in WA. WMRR supports increased hypothecation of the levy to assist with achieving this and to promote greater strategic investment in the industry. As noted above, greater (50%) reinvestment of levy revenue must be made including in areas such as infrastructure and education.</p> <p>Importantly, there needs to be a shift in focus from landfill diversion to the true recovery of materials (including measurement of). This needs to then be</p>

		<ul style="list-style-type: none"> - What levy rate would make these opportunities viable? - The potential impacts of increasing the levy. - The potential changes to business decisions and related investments if the levy is varied. 	<p>supported by viable end markets to utilise recycled material – government can play a key role in creating and encouraging industries to use recycled products as inputs in their manufacturing processes. This is especially important in light of the forthcoming COAG waste export bans – noting that WA is heavily reliant on exporting materials to overseas markets, and in rebuilding a post-COVID-19 economy.</p> <p>WMRR notes that DWER is concerned about and is reviewing regulations surrounding stockpiles. WMRR has submitted feedback on this issue separately, but highlights that the volumes of these stockpiles could be efficiently managed if recycled material had greater value as there would be an incentive and pathways to get materials out to the market. Government, and to an extent, community, needs to mandate (government) or influence (government and community) developments and product manufacturers to utilise a certain percentage of recycled product, particularly as virgin materials are still readily available at a similar or lower cost.</p> <p>To that end, increasing the levy alone will not go far in meeting the state’s objectives. There needs to be a balance between influencing behaviour change related to product consumption, integrated policies that incentivise recovery higher up the waste management hierarchy to reduce materials to landfill, such as the EU ban of no unprocessed organics to landfill, and influencing markets to develop industries that will use recovered and reprocessed materials, as opposed to virgin.</p> <p>There will only be a strong and positive impact if there are alternatives – particularly domestic – to landfill; the levy needs to be able to trigger an alternative opportunity with both infrastructure and markets being available. In the absence of these, local government for example, who has a strong pressure to keep waste costs down coupled with a lack of alternative to landfill, will see an increase in waste charges which will only result in an increased cost to ratepayers.</p> <p>WMRR continues to be advised moreover that there are operators operating within the Perth metro who continue to evade the levy and until this is managed, any increase in the levy will disadvantage licensed and lawful operators who are doing the right thing.</p>
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Setting future levy rates	5	<ul style="list-style-type: none"> - How should the government balance the need to be responsive to emerging knowledge about best practice waste management with the benefits of providing confidence about future levy rates? - Length of time levies should be set in advance. 	<p>Application of the levy should be technology agnostic and always only be liable for residual material that is landfilled; all future WA levy policies should confirm this approach and given that significant projects require large capital investment, proponents require five (5)-, ten (10)- or 20-year cost projections. The further forward levies are set, the more certainty the industry has on such investments.</p> <p>Thus, WMRR supports a schedule of future waste levy rates, with a minimum five (5)-year horizon, to provide investment certainty for industry. Further, WA should ensure that the levy will only ever be required to be liable and applied to residual material that is disposed to landfill, supporting the waste management hierarchy at all times, as well as incentivising resource recovery which will not attract levy liability.</p>
Geographical	6	<ul style="list-style-type: none"> - The potential recovery opportunities in regional WA from imposing a regional waste levy. 	<p>Broadly, WMRR supports the expansion of the geographical area of the levy for two (2) significant reasons – to reduce waste leakage from the Perth metropolitan area, and to drive domestic recycling and resource recovery in regional WA.</p>

		<ul style="list-style-type: none"> - Where these opportunities would be most viable. - The rate of the levy that would make these opportunities viable. - The cost of transporting waste over long distances compared with the cost of the levy. - The advantages and disadvantages that could arise from a regional waste levy. 	<p>It is WMRR's belief that the urban sprawl is no longer confined to the Perth metropolitan area and extends beyond the Peel region down into Bunbury and Busselton; significant volumes of waste from Perth are already being transported to these areas for disposal. In light of these demographic changes and current material flows, the state recycling targets cannot (and should not) be met by the Perth metropolitan area alone. Populated non-metropolitan areas should also be included and levy rates should be determined following a cost-benefit analysis.</p> <p>Ahead of this analysis, WMRR supports the expansion of the leviable area to include all major regional centres (beyond Peel) as per the <i>Waste Strategy 2030</i>, including Albany, Busselton, Bunbury, Greater Geraldton and Kalgoorlie-Boulder. WMRR also recommends a consistent levy rate for the Perth metro and Peel to Bunbury.</p> <p>WMRR acknowledges that expanding the levy to regional WA could potentially shift illegal dumping and disposal to smaller regional communities. DWER needs to consider how it can better manage and police these issues, including increasing resourcing at its regional locations.</p> <p>Additionally, waste facilities in these regions may need to increase their gate fees to allow for the increase in administrative and other costs related to the levy, which may adversely impact councils and commercial operators, as well as possibly leading to operators looking for cheaper disposal options such as lower standard unlined landfills.</p> <p>DWER should look to provide regional waste facilities with increased levy grant funding to invest in waste diversion infrastructure and best practice sites (e.g. lined cells) and implement better practice guidelines; this will assist in providing appropriate alternatives to landfill outside of metropolitan areas.</p> <p>The levy can be used to drive resource recovery and if reinvested appropriately there may be opportunities to develop resource recovery precincts and hubs for areas such as the Pilbara (particularly Karratha, Port Hedland, Onslow, Newman, and Tom Price) and the Kimberley with smaller-scale</p>
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Waste management options to be levied	7	<ul style="list-style-type: none"> - By 2020, only residual waste will be used for energy recovery – how will that affect operations? - Would a waste levy on energy recovery affect operations? - Other waste management options that a levy could be applied to in order to meet the objective of the <i>Waste Strategy 2030</i>. 	<p>WMRR supports the waste management hierarchy and agrees that only residual waste should be used for energy recovery. However, WMRR notes that the current definition of residual waste is most workable for MSW given it is sourced through a consistent local government collection system. On the other hand, commercial operators that collect or receive mixed C&I material have no control or oversight of whether (and how much) material within collected loads come from companies that use better practice source separation systems; the latter is also difficult to define in C&I because of the varied size, scale, and waste types of businesses. This is a point for DWER to consider in relation to definitions.</p> <p>WMRR agrees with DWER's observation that 'a waste levy on residual waste accepted for energy recovery would not have a beneficial effect on improving recovery of materials'. As such, WMRR does not support a waste levy on energy recovery. Such a levy would go against the principles of the hierarchy by in effect prioritising landfill disposal over energy from waste. Energy from waste is part of a successful and integrated waste management and resource recovery system – WMRR has published a paper supporting this notion, which can be found here. There are other measures that the government can undertake to ensure that only residual waste is used for energy recovery and WMRR recommends using the South Australian and Queensland energy from waste policies to guide the state's EfW decisions.</p> <p>WMRR is concerned that in considering what other areas could be levied, that DWER still does not see 'waste' as a 'resource'. WMRR agrees that the levy is a tool, but it cannot be the only tool when driving resource recovery (or in fact a circular economy, which will fail if this is the only approach being taken by government). There are other policies that DWER must utilise to meet the objectives of the <i>Waste Strategy 2030</i>, including mandatory extended producer responsibility, mandated use of recycled content in government projects, and ensuring that</p>

			<p>the cost of managing materials is shared across the supply chain to influence more resourceful decisions; a users-pay systems for example, is integral to a circular economy as well as a landfill levy to ensure that the financial pressure is not solely borne by local government (and community) or industry, but also rests with the generator of the product, forcing genuine true lifecycle assessment of impact including financial.</p> <p>Finally, on the stockpiling of waste, WMRR has submitted feedback separately on the issue but reiterates that stockpiles should be managed by licence conditions and not levy application.</p>
Other improvements	8	- Other changes to the design and implementation of the waste levy to make it more effective in achieving the objectives and targets of the Waste Strategy 2030.	<ul style="list-style-type: none"> • Create a level playing field by enforcing payment of the levy on all waste generated in Perth until such time when the leviable area is expanded. When this happens, the levy must still be enforced at the rate of the area of generation. • Reinvest 50% of levy revenue to industry, with a plan to use these funds to create domestic markets and higher value processing capacity. • Transparent reporting on the use and impact of waste levy revenue.

