



A Co-operative venture of the municipalities of:
Cockburn, East Fremantle, Fremantle, Kwinana, Melville & Rockingham

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Contact: Mick McCarthy (08) 9364 0631
Reference: SWG Submission – WARR Act Review

Ms Sarah McEvoy
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Dear Sarah

SOUTH WEST GROUP SUBMISSION ON THE REVIEW OF THE WASTE AVOIDANCE AND RESOURCE RECOVERY ACT 2007

The Department of Environment Regulation (DER) has initiated a review of the Waste Avoidance and Resource Recovery Act 2007 (WARR Act) on behalf of the Minister for Environment. A discussion paper was released on 1 December 2014 inviting public submissions up until 23 February 2015.

Following a request from the South West Group, the DER provided an extension for the lodgement of its submission until 9 March 2015 to enable the South West Group Board to consider the submission as a group.

As a key stakeholder in the South West Metropolitan Region of Perth and a representative organisation of its member Councils, the South West Group lodges this submission to be considered in the review of the WARR Act.

BACKGROUND

The South West Group, formed in November 1983, is a Voluntary Regional Organisation of Councils (VROC) and comprises the Cities of Cockburn, Fremantle, Kwinana, Melville, and Rockingham, and the Town of East Fremantle.

The South West Group is managed by a Board consisting of the Mayors and CEOs of its member Local Governments.

The South West Group was instrumental in the formation of the Southern Metropolitan Regional Council (SMRC) in 1991 to provide environmentally sustainable waste management solutions for the benefit of the region, community and member Councils.

The SMRC operates the \$100 million Regional Resource Recovery Centre (RRRC) in Canning Vale.

The WARR Act review discussion paper has identified a number of reform proposals, which form the basis of this submission.

The South West Group submission focusses on aspects of the review which are directly relevant to the member Councils and the region based on a number of key issues, namely:

- Commercial and Industrial (C&I) and Construction and Demolition (C&D) waste
- Performance of the region in achieving resource recovery targets
- Flexibility in collections and processing for the transition phase toward waste to energy technologies
- Waste Groups, Governance and Business Model
- Community Education
- WARR Levy

Each issue is discussed in more detail, together with recommendations.

C&I AND C&D WASTE

The WARR Act Review is concentrated on Municipal Solid Waste (MSW), where its statutory powers are mostly directed, with limited reference to C&I or C&D wastes which comprise the majority of the waste stream.

MSW makes up almost 27% of waste generated, compared to C&D waste (over 44%) and C&I waste (over 29%).

The discussion paper prepared by DER identifies the diversion from landfill targets adopted by the State Government, as part of the State Waste Strategy, which includes targets for C&I and C&D wastes.

If the State Government is serious about reducing waste to landfill and committed to these diversion targets, it is essential for C&I and C&D wastes to be included in the review of the WARR Act and feature in any strategy or structural reforms into the future.

C&I and C&D wastes will require specific mechanisms and targeted strategies to be developed in order to increase recycling rates to required levels. These solutions will need to be developed with the active involvement of industries that generate, collect and manage the waste streams.

Recommendation 1: The WARR Act Review needs to include powers to address C&I and C&D waste, not just MSW as currently structured, with C&I and C&D waste to be included in strategies and collaborative structures into the future.

PERFORMANCE OF THE REGION IN ACHIEVING RESOURCE RECOVERY TARGETS

The majority of the South West Group member Councils have their MSW and recyclables managed by the SMRC, with the City of Kwinana managing their own MSW and the City of Rockingham managing their own MSW and recycling materials.

The MSW recovery rate through the SMRC's alternative waste technology Bedminster composting system achieves 72% diversion from landfill, which is above State Government targets of 50% by 2014/15 and 65% by 2019/20 target and the highest across the Perth Metropolitan Region.

The proposition put forward in the discussion paper (page 12) regarding the need for Local Government to "achieve higher waste diversions" do not appear warranted in the case of those member Councils managing their MSW through the SMRC and already achieving waste diversion targets established by the State Government.

Recommendation 2: *That the DER recognise the performance of the SMRC and member Councils in achieving the State Government's waste diversion targets from landfill*

FLEXIBILITY IN COLLECTIONS AND PROCESSING FOR TRANSITION PHASE TOWARD WASTE TO ENERGY TECHNOLOGIES

The South West Group member Councils have entered into MSW and recycling processing and disposal contracts through the SMRC or undertake their own waste management arrangements, with two operating landfills (Millar Road Landfill and Recycling Facility and Henderson Waste Recovery Park) in the region.

There are two waste to energy plants planned for the region with the New Energy proposal in East Rockingham recently approved by the Minister for Environment and the Phoenix Energy proposal in Kwinana approved by the Environmental Protection Authority (EPA) and awaiting Ministerial approval.

The South West Group member Councils have long term waste management solutions available in the region that align with the Waste Authority's Waste Strategy (2012) and are in the process of determining the most cost effective and environmentally acceptable pathway for transitioning to these new waste to energy technologies.

To support this process, the SMRC will be engaging consultants to prepare a Regional Waste Strategy that will articulate the transition process and pathway for the majority of the member Councils in the region.

Recommendation 3: *That the State Government acknowledges the member Council transition arrangements and pathway planning work underway in response to the two proposed waste to energy facilities planned for the region.*

WASTE GROUPS, GOVERNANCE AND BUSINESS MODEL

The discussion paper indicates the establishment of State Government administered "Waste Groups" with mandatory Local Government membership.

The Waste Groups model as proposed in the WARR Act Review discussion paper with mandatory local government representation is not supported by the South West Group and does not address the underlying need for the establishment of a new business model to manage waste in the metropolitan area.

A new business model for waste management in the Perth Metropolitan Region needs to be based on a large scale governance entity with State Government coordination and funding, active industry participation and voluntary Local Government representation.

The business model should be driven by market forces and aimed at achieving greater economies of scale, efficiencies and commercial outcomes in a manner that minimises risks for Local Government.

The core of the business model and governance structure is the delivery of strategic waste management outcomes and central procurement for waste management infrastructure across the Perth Metropolitan Region.

The private sector are best placed to own and operate waste processing and management infrastructure due to a range of factors including commercial capability, skills and technical expertise and ability to adequately manage risks. The waste infrastructure includes high capital and operating cost enterprises such as materials recovery facilities, alternative waste technologies and waste to energy facilities.

The new business model reflects the fact that Local Government and the State Government are primarily waste suppliers.

The new business model is similar to that established in Victoria and known as Melbourne's Metropolitan Waste and Resource Recovery Group (MWRRG). The MWRRG, which was initially established as the Metropolitan Waste Management Group (MWMG), was referenced in the DER discussion paper.

The MWRRG is a successful model and governance structure that was established in 2014 and aims to:

1. **Minimise waste** – reduce the generation of waste
2. **Maximise resource recovery** – maximise the sustainable recovery of materials from waste
3. **Improve waste infrastructure** – facilitate continual development and improvement of waste and resource recovery infrastructure
4. **Integrated statutory planning for waste and resource recovery** – work to ensure that waste and resource recovery is supported by statutory planning processes and decisions
5. **Manage residual waste** – minimise the damage to the environment caused by waste disposal
6. **Improve delivery capacity** – build capacity and promote best practice in the municipal solid waste sector through integrated projects and the provision of expertise and resources

The MWRRG covers all 31 Local Governments across metropolitan Melbourne and is responsible for planning all waste streams – MSW, C&I and C&D.

DER would be responsible for establishing, coordinating and administering the Perth Metropolitan Waste and Resource Recovery Group using funds from the WARR Levy (refer to Recommendation 7 below).

Recommendation 4: That the Perth Metropolitan Waste and Resource Recovery Group be established for the Perth Metropolitan Region with a skills base and geographic representation of local government, industry and DER.

COMMUNITY EDUCATION

Most of the Regional Councils in the Perth Metropolitan Area undertake broad scale waste education programs that support the local waste education activities delivered by their member Councils.

This model provides economies of scale and efficiencies in terms of consistent strategy and common messaging aimed at maximising community recycling efforts.

Community education on waste management requires targeted behaviour change programs that encourage efficient and environmentally acceptable recycling and waste management outcomes.

Regional scale community education programs have shown to be effective in communicating consistent and tailored messages to support waste collection and processing systems operating across multiple municipalities.

The formation of Perth Metropolitan Waste and Resource Recovery Group, as recommended in this submission, provides the opportunity to establish larger scale programs for waste education that can be rolled out across the metropolitan area using common messaging and behaviour change outcomes.

Under this arrangement, local governments would continue to provide the local delivery of waste education activities in their area.

The larger scale waste education programs would need to be funded through the WARR Act as a core activity of the Perth Metropolitan Waste and Resource Recovery Group.

Consultation is required with local government to further discuss how regional scale waste education programs could be delivered through this joint metropolitan and local delivery arrangement.

Recommendation 5: That consultation be undertaken with local government to examine the feasibility of regional scale waste education programs being coordinated and delivered by the Perth Metropolitan Waste and Resource Recovery Group including funding arrangements through the WARR Levy.

WARR LEVY FUNDING

The WARR Levy rates increased from \$28/tonne for putrescible waste and \$8/tonne to \$40/tonne for inert waste on 1 July 2014. The WARR Levy rates continue to increase \$5 per year for putrescible waste and \$10/year for inert waste, with a flat rate of \$70/tonne for both putrescible and inert waste planned from 1 July 2018 onwards.

According to the State Budget 2014/15 and forecasts, total revenue from the WARR Levy indicates the following:

- 2014/15 - \$60 million
- 2015/16 - \$104 million
- 2016/17 - \$105 million
- 2017/18 - \$108 million

For 2014/15, \$15.8 million is estimated to be spent on the WARR Account for approved expenditure on controlled grants and implementation initiatives related to the management, reduction, reuse, recycling, monitoring or measurement of waste.

This funding allocation is based on 25% of WARR Levy revenue received and provides funds for the Waste Authority of WA, DER Waste Management Branch and associated programs (grants, sponsorships, partnerships etc).

Future approved expenditure estimates for the WARR Account in the State Budget 2014/15 indicate the following forecasts.

- 2015/16 - \$21.10 million
- 2016/17 - \$21.30 million
- 2017/18 - \$22.05 million

WARR levy funds in excess of WARR Account approved expenditure are transferred into Consolidated Revenue.

The State Budget 2014/15 identifies the following forecasts to be paid into the Consolidated Account, which is additional to funds already committed in previous budgets:

- 2014/15 - \$20.5 million
- 2015/16 - \$62.2 million
- 2016/17 - \$61.8 million
- 2017/18 - \$64.0 million

Only a minor share of funding generated through the WARR Levy is available to local government through a competitive grants process, even though local government incur significant costs in providing municipal waste and recycling services such as:

- Kerbside bin provision and collections (mixed, green, recyclables)
- Verge collections (green waste, whitegoods/junk)
- Event and public open space bin provision and collections (mixed, recyclables)
- Household hazardous wastes (drop off centres, depots, transfer stations)
- Problematic wastes (e-waste, mattresses, etc)

It is essential for the State Government to provide greater funding through the WARR Levy to local government to support strategic waste management activities that are aligned to the State Waste Strategy and pending Strategic Waste Infrastructure Plan.

The WARR Levy funds should also be directed to local government to offset the costs of providing waste management services that benefit both residents and the wider community, particularly in financially supporting community recycling activities that divert materials from landfill but are cost negative (verge collections, events, problematic wastes).

These activities have played a major role in the region achieving landfill diversion targets and are important in ensuring a high level of community support for waste avoidance, re-use and recycling activities.

The current allocation of the WARR Levy funding is not equitable and shifts costs onto the local government. Waste management is a community issue and costs should be shared across government.

Recommendation 6: *That the State Government use a share of funding from the WARR Levy, currently going to Consolidated Revenue, to support local government in the delivery of municipal waste management and recycling services.*

In addition to the increased funding allocation to local government, there will be a requirement to provide funding from the WARR Levy each year to fund the establishment and operation of the Perth Metropolitan Waste and Resource Recovery Group.

This funding will need to be above the 25% allocation currently allocated to the WARR Account and take into account the costs for the administration of the Perth Metropolitan Waste and Resource Recovery Group and adequate allocation for an infrastructure fund to assist in the procurement of waste management and recycling infrastructure.

Recommendation 7: *That the State Government increases the allocation of funding from the WARR Levy, above the current 25% allocation to the WARR Account, to fund the establishment and operation of the Perth Metropolitan Waste and Resource Recovery Group.*

The South West Group trusts that this submission will be viewed favourably and considered in the review of the WARR Act.

If you have any queries please contact the Director South West Group, Mick McCarthy on director@southwestgroup.com.au, phone 9364 0631 or mobile 0478 325 469.

Yours sincerely



Jim O'Neill
Chair South West Group