

City of Rockingham

Submission on the Review of Waste Avoidance and Resource Recovery Act 2007 Discussion Paper

Background

The City of Rockingham is located in Perth's outer southern suburbs, about 40 kilometres south-west of the Perth CBD.

The City encompasses a total land area of approximately 260 square kilometres, including significant areas of coastline and parkland and has a rapidly developing residential area with the population expected to increase from 125,000 in 2015 to over 200,000 by 2036.

Waste Collection Services

The City provides a comprehensive waste collection service to the community including;

- Kerbside waste and recycling collections
- Street, park and event waste collections
- Commercial waste collections
- Bulk verge general waste collections
- Bulk verge green waste collections
- Millar Road Landfill Facility tip passes
- Rockingham Beach Front waste collections

The City currently provides services to 45,360 households, 1,175 commercial premises and also services 900 street and park bins.

The City's growth rate has a direct impact on the waste collection service with on average 1,500 new services provided each year.

The City delivers the waste collection services utilising a combination of in-house and contracted services to ensure that they are high quality, efficient and cost effective.

The waste collection service that has been one of the City's best performed services in the annual Customer Satisfaction Survey's with more than 80% of respondents rating the service as performing "well/very well" since 2009.

The City has recently adopted its 2014 Waste Collection Strategy which incorporates the introduction of a three bin waste collection system.

Millar Road Landfill Facility

The City of Rockingham has been operating the Millar Road Landfill Facility (the Facility) since 1992 and it has become a very important asset to the City, not only providing an essential waste disposal service for the community, but also making a significant, ongoing, financial contribution to the City.

The Facility is owned and operated by the City of Rockingham and consists of the following,

- Millar Road Landfill Operations
- Millar Road Transfer Station
- Millar Road Recycling Operations
- “Ken James” Waste Education Centre

The Facility is licensed by the Department of Environment Regulation (DER) and can accept Class 1 (inert), Class 2 (municipal solid and commercial) and Class 3 (contaminated soil, quarantine and asbestos) waste.

In 2013/14 the Facility received almost 250,000 tonnes of waste and with the average operational life for a cell being approximately 2.5 years, based on the current tonnages, the landfill has a potential future operational life of over 30 years.

In 2014 the City adopted its Millar Road Landfill Facility Business Plan 2014/15 – 2018/19.

WARR Act Reform Proposals

3.1 Local Government Waste Operations

The City accepts that the current waste collection and processing arrangements are inconsistent across the metropolitan region and change is required to coordinate and encourage investment in waste processing facilities.

Waste management in the metropolitan area is principally managed by five Regional Councils, established pursuant to Division 4 of the Local Government Act 1995.

These organisations are involved in the receipt of recyclables, green waste and solid waste, downstream processing, sale of recoverables and disposal of unusable residues to landfill.

The pre-processing of municipal solid waste (MSW) to increase the usability of residues and reduce disposal in landfills, essentially refers to alternative waste treatment (AWT) technologies.

These technologies have developed as a result of growing concerns over land fill management and the pressure of land availability.

AWTs principally aim to recover more resources from the waste stream whilst minimising the impact to the environment.

The three major technologies either in use or under development are:

- Thermal technologies – incineration, gasification, and pyrolysis (waste to energy)
- Biological technologies – aerobic decomposition, anaerobic digestion, vermicomposting

- Landfill modification – bio reaction, pre-treatment

This wide range of AWT solutions presents opportunity and significant challenges for local governments.

The opportunity is the creation of a system that can cost effectively minimise or even cease the disposal of unusable residues into landfill.

The challenges are more complex.

No technology has emerged as the “best” solution, and opinions vary at both a political and technical level as to the most effective technology to use in the long term.

The capital cost and operational risk factors in constructing and managing these facilities is well outside of the financial or logistical capacity of a single local government.

The current governance structure of regional local governments pursuant to Division 4 of the Act provides member local governments with little or no financial control or risk mitigation input when participating in capital and risk intensive projects such as AWT plants.

In an accounting context, whilst the debt appears on the regional council balance sheet as a direct liability, the member local governments (and their ratepayers) are contingently liable.

Should these regional projects fail, then the direct liability immediately falls back upon the member local governments.

Whilst the member local governments are represented by elected members on the council of the regional local government, these representatives are obliged to act (and vote) in the best interests of the regional local government.

It follows that on some occasions the best interests of the regional local government will not be the same as those of the member local government.

Given that single local government entities will have nowhere near the capacity to develop the AWT's necessary to accommodate the MSW generated by Perth's growing population and still achieve the State Government's Waste Strategy targets, a significant and timely intervention is necessary.

The following model is put forward:

- AWT's owned and operated by private enterprise or the State Government that are the predominant processor of MSW in the Perth metropolitan area.
- The investment into the AWT's is underpinned by guarantee of supply of MSW from local governments by way of long term supply contracts on a fee for service basis.
- Local Governments have reasonable and commercially prudent comfort in terms of pricing for the duration of the contract.
- The State Government by way of legislation and /or the establishment of a single Waste Group, coordinates and facilitates the establishment of the AWT's and the commercial supply

relationships that would be established between local governments and the AWT plant operators.

- Local governments remain responsible for kerbside collection, recycling and green waste either individually or in partnership within a governance structure, based more upon a commercial corporation that provides commensurate balance between, equity, risk, decision making and financial management and control.

Notwithstanding the importance of the private sector in the waste industry, the significant investment by individual local governments and regional councils should be acknowledged and opportunities for joint public - private proposals, that provide a return to the local community without exposing the community to unacceptable risk, should not be limited by legislation.

3.2 Infrastructure Planning

Planning for future waste infrastructure and the protection of existing infrastructure from urban encroachment is a significant issue with suitable land, in relatively close proximity to the waste source, already limited.

The introduction of a uniform three bin waste collection systems will also increase the demand for composting processing facilities.

The City supports the development of a statutory waste infrastructure plan to ensure that appropriate land is available to accommodate waste processing and disposal infrastructure.

Planning of infrastructure for commercial and industrial (C&I) and construction and demolition (C&D) waste also needs to be included as these now make up the majority of the waste stream volume.

The Discussion Paper indicates that the Waste Group model will be considered for the Perth and Peel regions.

With current waste facilities to service the metropolitan area being constructed in local governments on the fringe of the metropolitan area, such as Perth Waste's North Bannister facility, and recent proposals in the York, Toodyay and Gingin shires, these areas should also be included within the scope of the Waste Group .

Other Issues

Landfill Levy

The Landfill Levy is a major instrument in the State Governments strategy on waste.

The City supports the need for the State Government to take a proactive role in waste by increasing the return of Landfill Levy funds to the waste industry to assist the transition to, and development of, waste processing facilities that are required to meet the Waste Strategy targets.

The Landfill Levy should also be expanded to include the Peel and fringe metropolitan local governments and increased monitoring and auditing of waste transported outside of the metropolitan area is required to ensure that the State recovers all the applicable Landfill Levy.

Summary

In summary a single well-resourced Waste Group led by expert staff and board made up of industry and local government representatives using market forces and economies of scale will deliver a much more cost effective outcome than a disparate system of regional groupings, insulated from market forces and cost effectiveness because of compulsory membership and limited resource capacity.

A single Waste Group modelled on the Victorian Metropolitan Waste and Resource Recovery Group is the preferred option.

The business model should incorporate the following principles:

- Local governments do not invest or own AWT infrastructure - the private sector invests in and bears the risk of capital investment
- Market forces and economies of scale drive local government involvement - no need for compulsory membership
- Waste Group overheads are funded by the Landfill Levy
- The Waste Group is essentially a procurement facilitator that brings local governments and waste processors together.

The model proposed in the Discussion Paper essentially uses the Victorian model but adds an extra layer of bureaucracy (the strategic waste groups / regional councils) which are unnecessary because:

- The current regional councils are not best to undertake this role due to the governance and commercial limitations under the current legislative model
- The Victorian model has significant local government elected representation at board level along with industry experts
- Multiple regional Waste Groups means less purchasing power and a more complex commercial environment in which potential investors of AWTs have to operate.

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