

Dear Sirs,

We thank you the opportunity to comment on and contribute to the WARR Act Review. Below please find the City of Busselton's contribution to that end.

Alignment of Local Government with State Policy and the efficiency and effectiveness of regional arrangements to deliver waste management outcomes is one of the major concerns we have, especially if we consider that the metropolitan region models might later be applied in regional jurisdictions.

The City of Busselton is actively engaged with a number of neighbouring local governments in order to achieve optimal waste management outcomes in the most efficient way possible.

According to the review document, the following are major concerns of the Waste Authority:

"Experience in other jurisdictions highlights the benefits of aligning local government or regional council waste planning with State plans and strategies, and providing for compulsory membership of groups that coordinate procurement of waste services on behalf of member local governments."

"Insecure membership directly affects the ability to make long term contract commitments. No new commitments (aside from those already commenced) to alternative waste treatment facilities have been initiated by Regional Councils in the last five years. Certainty of local government membership of waste groups is essential if long term waste planning and investment decisions are to be made."

"It is proposed to provide for statutory Waste Groups with compulsory local government membership."

"It is proposed that waste groups be required to ensure that their waste management plans are aligned with the Waste Strategy and a statutory State waste infrastructure plan —this includes the requirement to plan for landfill capacity in their region. Compulsory local government membership of waste groups provides the long-term planning and investment certainty that is needed for this approach to be effective."

We do agree that:

- a) Properly coordinated and aligned regional groups are bound to deliver outcomes that are in line with State policy in the most economically efficient way (economies of scale and scope, optimisation of waste flows, etc.)
- b) Longer term commitments by local governments in regards to regional group membership is more likely to provide the stability necessary for effective infrastructure planning and investment.

In that regard, we do agree with the need to reform regional group memberships in such a way as to require long term local government membership commitments, and that regional waste groups are aligned with the Waste Strategy and a statutory State waste infrastructure plan.

We note that the proposed model seems to advocate the creation of regional monopolies (operated by regional waste groups), to which local governments would have to adhere, which, in turn, would

achieve the intended waste management outcomes. However, we do not believe central planning solutions would work better than simply the right free market incentives.

Therefore, given:

- a) the extensive experience local governments have in managing waste and understanding their own reality as well as their community needs;
- b) the different demographic and socio-economic dynamics present;
- c) the need to facilitate efficiency across the board, ie. from waste collection to waste recycling and disposal;

We believe that the best model would be based on the premise (advocated by classic economist Ronald Coase) that, under a low transaction cost scenario, well-defined property rights would be able to overcome the problems of externalities; in this case, the problems associated with the misalignment between local governments decisions on their infrastructure plans, and the purported social optimum of waste management and recycling outcomes underlying State waste policy and strategy.

We advocate that the best model would, therefore, include the following traits:

1. Local governments would be assigned individual landfill diversion or recycling targets, based on sound demographic and socio-economic criteria;
2. Existing regional arrangements would provide the best basis for any mergers or membership growth;
3. Local governments would be given the option of either achieve their individual targets by themselves or subscribe to any of the existing regional waste groups (a long term commitment would be required by relevant regulatory authorities; this commitment would be enforceable by contract – contract to include service levels, gate fees and recycling outcomes);
4. If working individually, Local governments would have to submit their infrastructure plans and strategy for approval by State authorities;
5. If working as part of regional groups, local government' commitment to the group would represent their endorsement (and commitment) to the regional group plan
6. Based on their membership, Regional waste groups' would review their infrastructure plans, which would have to be aligned with the State's intended waste outcomes (therefore subject to approval of State authorities);
7. State infrastructure planning would then reflect all approved infrastructure plans as a whole.

Moreover, if the model proposed in the review document is implemented, an important question will arise: How will the newly formed regional monopolies be economically regulated (in regards to gate fees, efficiency and competition concerns)?

Again, thank you for the opportunity to comment.

Kind regards,

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