



WALGA Submission

Waste Avoidance and Resource Recovery Act 2007 – Review

About WALGA

The Western Australian Local Government Association (WALGA) is the united voice of Local Government in Western Australia. The Association is an independent, membership-based group representing and supporting the work and interests of 138 Local Governments in Western Australia.

The Association provides an essential voice for over 1200 elected members and approximately 14500 employees as well as over two million constituents of Local Governments in Western Australia. The Association also provides professional advice and offers services that provide financial benefits to Local Governments, and the communities they serve.

During the comment period for the review of the Department of Environment Regulation (DER) *Waste Avoidance and Resource Recovery Act 2007* Discussion Paper, the Association sought comment from the Local Government sector (including Regional Councils) to inform a representative submission to the Department of Environment Regulation. This Submission reflects the main issues, concerns and opportunities raised by WALGA members, together with those of the Association.

The comments and recommendations contained within this Submission have not yet been considered or endorsed by the WALGA State Council, and as such, please be advised that this is an interim submission only and that the Association retains the right to modify or withdraw any or all of the comments and recommendations, as directed by State Council.

Executive Summary

Waste management is a vital function which Local Government has a key role in undertaking in Western Australia. Local Governments individually, or through Regional Councils, have made substantial investments in providing effective and efficient waste management services to the community. The private sector also plays a key role in delivering services to the community, on behalf of Local Government. Although these services are delivering well, the Association notes that there is broad agreement within the Local Government sector that there is a need for change to how waste in the metropolitan area is governed. These changes include a greater role for the State Government in providing an integrated waste management system, as well as the need for consolidation, improved governance and greater direction for Regional Councils.

This Submission has been developed in response to the DER Discussion Paper on the WARR Act Review and focuses on a new governance model for waste management in the Perth/Peel, the changes needed to ensure the new governance model is effective and the complementary actions that are essential for the State Government to undertake to assist in progressing waste management in WA. Some of these activities are outside the scope of the WARR Act review, however they should be considered when reviewing the Act. The governance changes outlined in the model detailed in this Submission will assist in improving waste management in the Perth/Peel region, but there are other essential actions by the State Government which are necessary to achieve the outcomes of the State Waste Strategy.

New Governance Model

The current Regional Council structures have achieved significant improvements and innovation in waste management, including the development of infrastructure, running facilities and large scale contracting. While these outcomes have been successfully achieved, the process has not always been optimal due to the legislative and regulatory constraints that the Regional Council model requires and the sometimes uncertain membership of the Regional Councils. When developing the new governance model a key consideration was how these issues could be addressed.

The new Governance model that is being proposed recommends the formation of three Regional Subsidiaries for the Perth/Peel area to replace the existing five Regional Councils. The Regional Subsidiary structure has been highlighted as the preferred approach as these groups have the potential to address the issues which have been identified with the Regional Council model. The proposed Regional Subsidiaries would undertake a range of activities which have been identified as best undertaken at the regional level, including region wide infrastructure planning, transitions to better practice, education and behaviour change programs, contingency and emergency management planning, market developed, provision of services (where appropriate) and procurement.

Recommendation: That the State Government facilitates the formation of three Regional Subsidiaries within the Perth/Peel area to undertake a range of regional waste management functions.

The Commercial & Industrial (C&I) and Construction & Demolition (C&D) waste streams make up the majority of waste generated and sent to landfill in WA. To ensure that these waste streams receive due focus and funding, the structure suggested is that two Groups be established, for C&I and C&D, and tasked with facilitating market development and delivering programs to divert these waste streams from landfill.

Recommendation: That the State Government establish Groups for C&I and C&D wastes to facilitate greater engagement from these sectors and market development.

To ensure that there is strategic oversight of the C&D, C&I and Regional Municipal Solid Waste (MSW) groups, a Perth/Peel Waste Management Group has been recommended. This group would focus on ensuring connection between all of the sectors managing waste, ensure that broad scale waste supply issues are resolved and provide a clear link with the Waste Authority.

Recommendation: That the State Government establish an overarching Perth/Peel Waste Management Group to guide and facilitate the implementation of the State Waste Strategy in this region.

The overall model is shown in Figure 1.

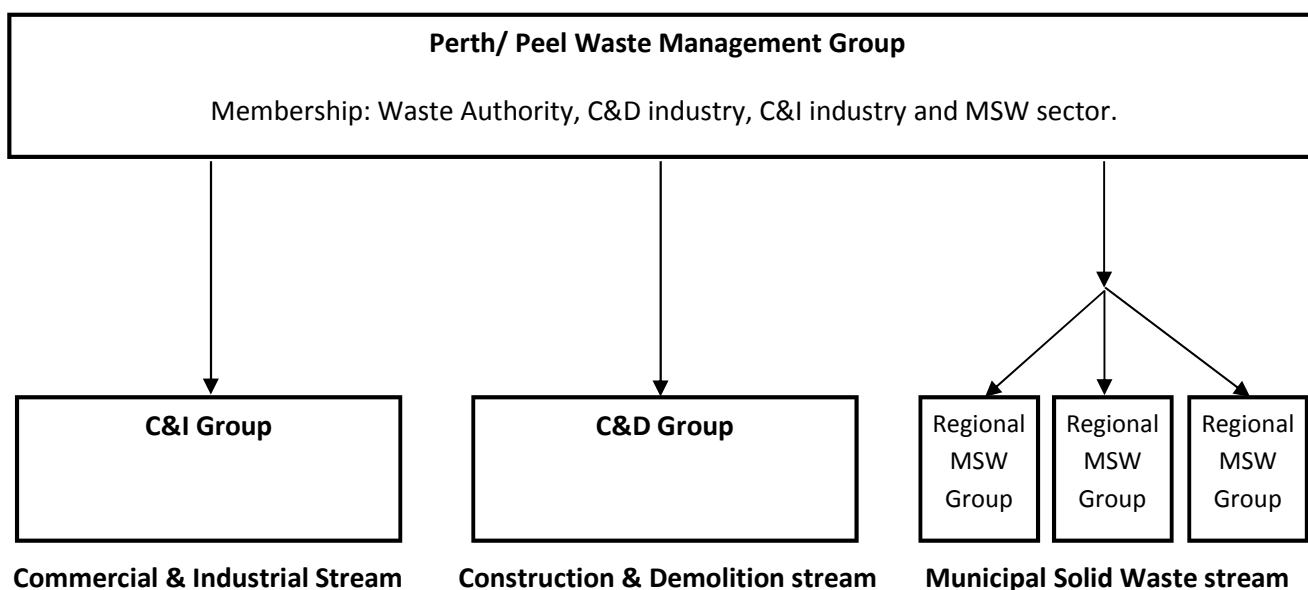


Figure 1: Overall Structure of Proposed Governance Model

Key Legislative and Process Support

The Association has highlighted Regional Subsidiaries as a mechanism to change the governance of waste management however these structures are not yet in place. Therefore, the support for these structures to be used is conditional on their meeting the needs of municipal solid waste, and their acceptance by the sector. If Regional Subsidiaries are not enacted, then the Regional Councils structure is the preferred approach, with suitable amendments to the Local Government Act. To work through the detail of the transition from the current to the recommended structure, it is proposed that a multi-stakeholder working group be utilised.

Recommendation: The Association provides 'in principle support' for Regional Subsidiaries as the preferred governance approach for waste management, although notes that the Bill which contains provision for these entities has not yet been enacted and no regulations have been drafted.

Recommendation: Local Government are engaged in the development of the Regulations for Regional Subsidiaries to ensure they are fit for purpose in the municipal solid waste context.

Recommendation: If Regional Subsidiaries are not enacted then the Regional Council model is the preferred option for regional structures, although noting that further legislative changes would be required.

Recommendation: That the Metric Regional Council Working Group be re-established, and its Terms of Reference be amended to:

- Allow for work on the transition to a new governance model for waste management
- Include the Department of Environment Regulation
- Include metropolitan Local Government membership.

Essential Complementary Actions by State Government

A range of structural changes are recommended for Local Government and the C&I and C&D sectors, however, without decisive action by the State Government on a number of fronts, these structural changes will have limited impact. It is acknowledged that these changes are outside the review of the WARR Act but they are essential complementary measures required to maximise the effectiveness of the Governance changes recommended.

Local Government considers that for the new governance model proposed to be effective, additional funds from the WARR Levy should be provided to the sector for agreed activities. The Strategic Waste Infrastructure Planning Project highlighted the substantial investment necessary to achieve the State Waste Strategy targets, an increased allocation of the WARR Levy has the potential to assist in leveraging the necessary funding.

Recommendation: That the State Government increases the hypothecation of funds raised through the WARR Levy to facilitate enhanced strategic waste management outcomes.

Local Government and the waste industry have limited control on the material which enters the waste stream. Those making products have limited interest or responsibility for what happens to these products at the end of their life. The Product Stewardship/Extended Producer Responsibility provisions in the WARR Act provide the State Government with the power to address this issue. The Association considers that the State Government should use these provisions, with a priority on implementing a Container Deposit System in WA.

Recommendation: That the State Government uses the provisions for Extended Producer Responsibility contained within the WARR Act.

Recommendation: That the State Government introduce a Container Deposit Scheme in WA to aid effective recovery and recycling of municipal solid waste.

Local Government strongly supports the State Government developing a Strategic Waste Infrastructure Plan, in the first instance for the Perth/Peel region. The Plan would include a focus on the selection and placement of waste management infrastructure. Without such a plan, there will be limited coordination of infrastructure selection and placement.

Recommendation: That the State Government, as a matter of urgency, adopt a strategic waste infrastructure plan to inform and guide waste industry decision making and investment.

The current governance structure for waste management, within State Government, means that both the regulatory and collaborative functions are housed in the same Department. Local Government considers that achieving waste management outcomes would be best served by separating these functions and establishing a Waste Agency.

Recommendation: That the State Government put in place an independent Waste Agency, funded by the WARR Levy, to allow for a separation of policy and program activity from the regulatory function of the DER.

Introduction

In 2013, through a Working Group process, WALGA developed a paper outlining its vision for waste management in the metropolitan area (Waste Vision Paper)¹. The Waste Vision Paper identified that there was broad agreement in the Local Government sector that change is needed to how waste management is governed. In addition, the Waste Vision Paper included other proposed reforms, such as an increased role for State Government. The approach that has been taken to the WARR Act Review presents Local Government with a genuine opportunity to examine in detail what changes are needed to improve the governance of waste management and make recommendations to inform the State Government direction. The Review also provides the opportunity to raise issues, outside of what the legislation can achieve, that relate to other tools required, such as regulation and programs.

To explore the range of issues raised by the WARR Act Review and the accompanying actions needed, this Submission is in three parts. The first part of the Submission provides background to the current situation regarding waste management, identifying recent changes and issues. Part two of the Submission identifies proposed 'level of service' outcomes for the sector, notes the input needed from State Government and considers the needs of the Commercial & Industrial (C&I) and Construction & Demolition (C&D) sectors. The final section of the Paper identifies the preferred Local Government model for reform and transition from current to future arrangements.

There are some terms used in this Submission that, for clarity, are defined. A Regional Subsidiary is an entity identified in the *Local Government Amendment Bill 2015*, which are established to run a service or carry out an activity. Regional services are activities which are best undertaken at a regional, rather than individual Local Government level, to facilitate economies of scale and region wide actions.

This Submission has been developed through an Association Policy Forum, including Officers and Elected Members from Local Government and Regional Councils and with input from Local Government through a workshop and written submissions. Feedback from the Waste Management Association of Australia has also been considered in the formulation of the Submission.

PART ONE: Background

Waste Management in WA

The Department of Environment Regulation Discussion Paper (the Discussion Paper) identified that around 5 million tonnes of waste was generated in the Perth/ Peel Region in 2012-13, and it also states that of the waste generated in WA about 39% was recovered in that year. The Discussion Paper does not break down the source of the waste by sector. The breakdown of waste to landfill, shown in Table 1, has been calculated using the Waste Authority Report *Recycling Activity in Western Australia 2012/13*².

¹ *Vision for Waste Management in the Metropolitan Area*. Available online <http://www.wastenet.net.au/Assets/Documents/Document-Centre/Submissions-And-Reports/Vision-for-Waste-Management-in-the-Metropolitan-Area.pdf>

² *Recycling Activity in Western Australia 2012/13*. Available online http://www.wasteauthority.wa.gov.au/media/files/documents/WA_Recycling_Activity_12_13.pdf

	Waste generation (Recovery + Landfill)	Recovery (tonnes)	Landfill (est.)	Waste Generation (%)	Recovery rate (%)	Percentage of the Waste stream to landfill (%)
MSW (Metro)	1,626,572	587,389	717,920	26.6%	45%	28.5%
MSW (Non-Metro)			321,263			No data
C&I (whole state)	1,785,304	803,387	981,917	29.1%	45%	26.9%
C&D (whole state)	2,714,623	1,085,849	1,628,774	44.3%	40%	44.6%
	6,126,499	2,476,625	3,649,874	100.00%		100%

Table 1: Waste generated, recovered and landfilled 2012/13

MSW represents 26.6% of the overall waste generation at a state level, but makes up 28.5% of the waste to landfill. The Commercial & Industrial (C&I) and Construction & Demolition (C&D) waste constitute 73.4% of waste generated.

The WARR Act is, in part, an Act to “provide for waste services by local government”. Therefore a substantial focus on Local Government as part of the Review is to be expected. However, in the Discussion Paper Local Government is the main focus, with very limited mention of the C&D and C&I waste streams. While Local Government has a role to play in managing waste, the C&D and C&I waste streams make up the majority of waste generated and sent to landfill and need to receive at least equal attention in the WARR Act review.

There are a range of factors that influence Local Governments (and the entire waste industry’s) ability to manage waste. When considering any changes to the governance of waste, the potential impacts of these factors need to be considered. These factors include:-

- **Input Uncertainty:** Local Government has limited ability to influence the type of waste that is generated. Producers of products have the power to develop and sell things without consideration of the end of life management of their products. This leads to increasing costs and complexity in developing waste management solutions.
- **Market Forces:** Waste management can be a volatile industry. Recycling of many materials is subject to international market forces and there can be significant variations in the price of recycling commodities.
- **Geographic Isolation:** Western Australia’s size and geographic isolation means that distance to market is an important factor.
- **Uncertain Regulatory Environment:** The regulatory environment can be uncertain and there has been limited guidance from State Government in relation to expected waste management outcomes.
- **Infrastructure development:** Given the time it takes for infrastructure to be developed, the inputs (waste streams) are very likely to have changed from what was anticipated when the project was being planned. It is a rare infrastructure project that is delivered on time, to budget and meeting the operational parameters which were initially envisioned.
- **Costs:** Local Government, particularly in the more remote areas, has a limited rate base and transporting waste long distances is costly.

Due to the issues identified, the private sector was, for a considerable period, reluctant to invest in options for recycling and in the diversion of waste from landfill in WA. If there was private sector investment in infrastructure it was usually to service Local Government, organised through a Regional Council to aggregate volumes. In certain situations, where market failure occurred and the Regional Council identified a direct opportunity to divert waste from landfill, these entities have become service providers themselves.

It is clear that Western Australia has benefited from the significant investment by Local Government in waste management and recycling operations, including the significant investment in kerbside recycling, Alternative Waste Treatment facilities, waste education centres and in market development for problematic materials. Without the investment of Local Government, it is unlikely that the industry would have reached its current level of development. It should be noted that the private sector, while having corporate social responsibility, is primarily driven by the

profit motive, whereas Local Governments primary driver is in providing a cost effective, comprehensive, sustainable and efficient service to meet community need.

Waste Management is an Essential Service

The term 'essential service' is often applied to waste management activities by representatives from Local Government and the waste industry, although this title is not reflected officially in state or federal government policy. The term 'essential service' is hard to define. In 2010 MWAC developed a Position Paper³ on the topic of what an essential service constituted and why waste management should be considered as such. The Position Paper defined an essential service as:

A service formally recognised by government to be a basic right for its citizens and the failure to deliver this service would result in potential risks to the public. Therefore, the government will ensure that this service is considered a priority in strategic planning and is ultimately protected from disruption from outside sources such as natural and man-made disasters, market failure, economic pressures, community complaint and mismanagement.

There also appear to be four criteria which determine what services are classified as 'essential services'. These are:

1. Historically this service has been considered an 'essential service'
2. The service is, or was previously, owned by government
3. The service has its own legislation
4. The service is considered to be 'significant'.

Arguably, the fourth point should be the main factor determining the classification of 'essential services'. The role that the Government plays in providing these services should not be a determining factor, but instead, whether or not this is a service where failure to deliver would result in potential risks to the public. Discussions in the formulation of this Submission also highlighted the importance of due attention from and influence within Government decision making as another attribute of a service being considered 'essential'.

This issue of profile and due influence is an ongoing one for waste management compared to other utilities, such as power and water. The Association has a Policy Statement on Waste Management Legislation⁴ which identifies one key mechanism to ensure waste management has a suitable profile and influence – that of an independent Waste Agency. The Association is of the view that the collaborative and regulatory functions need to be moved into separate agencies to ensure transparent management of funds and to attract private sector engagement and investment.

WALGA Waste Visions Paper

The development of the WALGA Waste Vision Paper was initiated to start the discussion within the sector about the future direction of waste management, and the role of Local Government within it. The Vision Paper was developed through a collaborative process, including input from members of the Waste Authority and Local Government and Regional Council Elected Members and officers. This collaborative approach and constructive outcome provides a blueprint for how the sector can work with government to achieve mutually beneficial outcomes.

The Vision Paper identified that there was broad agreement about the need for a change to how waste in the metropolitan area is governed. The changes identified included a greater role for the State Government in providing an integrated waste management system, as well as the need for consolidation, improved governance and greater direction for Regional Councils.

The Vision Paper also identified that the structures we currently have in place provide a range of services which are consistently highly rated by the community. However, if we are to reach the targets set in the Waste Strategy for

³ Is Waste Management an 'essential service'? Available online <http://www.wastenet.net.au/waste-as-an-essential-service-position-paper.aspx>

⁴ Policy Statement on Waste Management Legislation Available online <http://www.wastenet.net.au/Assets/Documents/Document-Centre/Policy-Statements/Policy-Statement-on-Waste-Management-Legislation.pdf>

municipal solid waste diversion from landfill (50% by 2015 and 65% by 2020) and provide the modern infrastructure needed to cope with the projected waste generation, a more coordinated approach is needed. The Paper went on to provide a model for reform to the sector and identified a range of potential additional roles for State Government.

The Vision Paper is the existing policy position for the sector and was used as the starting point for the development of this Submission. The Vision Paper is, however, a high level document so a range of additional detail is needed, and further input has been sought in developing this Submission.

Current Arrangements and Changing Environment

The current Regional Councils have achieved some excellent outcomes, diverting significant tonnages of waste from landfill and delivering a range of high quality services to their members. The Regional Council achievements have included the development of Alternative Waste Treatment facilities, Material Recovery Facilities, landfills and other activities such as education and market development for problematic waste. However, in the development of the WALGA Vision Paper and subsequent discussions, it has been recognised that although Regional Councils have achieved significant outcomes, there are issues with their structure and processes which affect the efficiency of service delivery. These issues include the borrowing capacity/ability of Regional Councils, tendering regulations, governance, investment certainty and representation on their respective Councils. Feedback from some Local Governments has highlighted similar concerns.

These issues need to be addressed for any new or continuing structures. If they are not resolved, then there are likely to be serious concerns with requirements for compulsory membership. Any regional structure that is put in place will need to have the buy-in of its members in order to operate effectively. Without that commitment, the desired outcomes will not be achieved. Compulsory membership cannot guarantee cooperation.

Regional Councils currently provide regional services and the Association considers that in waste management there are a range of issues which are best addressed at a regional scale. The regional services and structure to deliver this is outlined in this Submission.

The private sector's role in the waste industry has substantially increased as many Local Governments have contracts in place for collection and processing of municipal solid waste. This increasing role reflects that there are sufficient tonnages of waste available and that activities are financially viable for the private sector to participate. There is a significant role for the private sector in the collection and processing of waste into the future, as substantial investment will be needed to ensure there is sufficient infrastructure in place to process increasing volumes of waste and meet the targets in the State Waste Strategy.

Changing Technology and Infrastructure Planning

The infrastructure in place for waste processing includes material recovery facilities, Alternative Waste Treatment facilities and composting facilities. Currently, thermal treatments, such as Waste to Energy (W2E) are not yet part of the waste treatment mix. However, as WALGA has identified in its Discussion Paper on Waste to Energy, these technologies will have a role to play as part of any integrated waste management system that has due regard for the waste management hierarchy and sustainability principles⁵.

The Waste Authority has, through the Strategic Waste Infrastructure Planning (SWIP) Project, developed a range of options for the technology and planning environment required to meet the targets in the State Waste Strategy. However, a State Infrastructure Plan for waste management has yet to be released. In the absence of any high level plan, or the context provided by the SWIP, development of infrastructure has nevertheless continued. The major development has been in the number of private sector W2E plants that have been proposed.

Until relatively recently the State Government had not provided regulatory or policy guidance for W2E solutions. However, following a comprehensive review in April 2013, the Environmental Protection Authority and the Waste Authority provided advice to the Environment Minister on the environmental and health performance of this type of technology.

⁵ Discussion Paper on Waste to Energy Technologies, Available online <http://www.wastenet.net.au/discussion-paper-on-waste-to-energy-technologies.aspx>

The Waste Authority has also published a separate position paper on this topic⁶. The advice to the Environment Minister was based on three technical reports into the performance of W2E technologies internationally:

- *Stage One – Review of Legislative and Regulatory Frameworks for Waste to Energy Plants*
- *Stage Two – Review of State of the Art Technologies (Case Studies)*
- *Stage Three – A Review of recent research on the health and environmental impacts of Waste to Energy Plants.*

These reports informed the States position on W2E and provided the framework for assessing a number of proposed W2E plants, including EMRC's Red Hill and Hazelmere facilities, the Phoenix Energy plant in Kwinana and New Energy's plants in the Pilbara and in East Rockingham.

The Executive Summary in the Stage Three report identified that there was little 'convincing or unequivocal evidence' that these plants presented a risk to health and presented a convincing environmental benefit:

Incineration with energy recovery is considered to generate greenhouse gas savings based on the studies reviewed for this report and is considered one of the most efficient processes for treating MSW when heat recovery is achieved

In December 2014, the members of the Rivers Regional Council agreed to dispose of their MSW with Phoenix Energy. This volume, together with a component from the City of Kwinana, provides sufficient guarantee for the 150,000 tonne minimum that Phoenix Energy required to underpin its proposed facility. The ultimate capacity of their plant is 400,000⁷ tonnes, with MSW as the preferred feedstock. The construction of another New Energy plant in East Rockingham could divert around a further 100,000⁸ tonnes of MSW, and divert a similar amount of C&I waste from landfill.

As these plants are all privately funded, there is no capital investment required from Local Government. Instead, a 20 year commitment to provide waste at an agreed rate is what is required from the sector.

If these technologies are successful, then the processing of waste in WA will fundamentally change. However, if the plants are developed and operate as anticipated, there needs to be adequate legislative and governance flexibility to enable both optimum tonnages from appropriate streams of MSW to help underpin these plants, and to ensure that cost savings can be delivered to Local Governments through the competition that these plants should bring to the MSW market.

Extended Producer Responsibility / Product Stewardship

In considering the current context for waste management, the activity at a national level on Product Stewardship should be noted. In 2011 the *Product Stewardship Act* was put in place. This Act provides the Federal Government with the head of power to put in place voluntary, co-regulatory and mandatory Product Stewardship Schemes. The first Scheme to be introduced was a co-regulatory scheme covering TVs and Computers. This Scheme is currently being reviewed, as there have been some implementation issues. As this was first Scheme of this type to be introduced, it is not unexpected that there would be a need for further work to be undertaken. However, the fundamental intent of shifting the financial burden of TV and Computer recycling from government to the producers of these products is sound.

There are two voluntary product stewardship schemes in development at a national level, for paint and batteries. The voluntary approach may work for paint, but the development of the battery scheme has been less successful. A voluntary Product Stewardship scheme for Tyres is in place, however any benefits from this scheme have yet to be realised in WA. Local Government has long been calling for a Cash for Containers scheme, either WA based or at a national level. The process for considering a national scheme has been long running and a decision is still pending. In the absence of national Cash for Containers scheme, a significant opportunity exists for WA based legislation.

⁶ *Waste to Energy Position Paper May*, Available online <http://www.wasteauthority.wa.gov.au/publications/waste-to-energy>

⁷ *Phoenix Energy Australian Projects*, Available online <http://www.phoenixenergy.com.au/projects/>

⁸ *Perth Metro, WA*, Available online <http://www.newenergycorp.com.au/projects/perth-metro-wa/>

Department of Environment Regulation – WARR Act Review Discussion Paper

The WARR Act Review is a statutory requirement, however the Act does not state the method/approach that the review must follow. The approach the Department has taken is to release a Discussion Paper which outlines the context which the review is taking place in, the scope of matters considered, the mechanisms in the WARR Act, other mechanisms for change and puts forward potential proposals for reform.

The reform proposals in the Paper focus on the collection and processing of waste, waste groups and infrastructure planning. The proposal in the Discussion Paper is as follows:

It is proposed to provide for statutory Waste Groups with compulsory local government membership. Each group will be required to operate in a manner that is consistent with a statutory waste infrastructure plan (see below) and targets in the Waste Strategy under the WARR Act. The role of Waste Groups would be to coordinate the procurement of waste processing services to ensure that appropriate services are acquired at least cost and that competition is maximised.

This approach removes investment uncertainty and lack of commitment from local governments, and ensures Waste Groups deliver services consistent with the Waste Strategy and a waste infrastructure plan. It also recognises and broadly aligns with the current position of the local government sector and provides increased certainty for local government investment and a clear role for industry. It would require amendments to the WARR Act and the Local Government Act 1995.

The model outlined above will be considered for the Perth and Peel regions and may be expanded into non-metropolitan urbanised areas similar in population density and scale to the Perth metropolitan area to achieve similar waste performance in a staged and sustainable manner.

Additional mechanisms are proposed to ensure the effectiveness of the waste infrastructure plan, including providing that it is statutory; and ensuring that Waste Groups are required to align their plans, waste services and contracts with the waste infrastructure plan, Waste Strategy targets and codes of practice. Waste infrastructure plans are not intended to replace environmental and planning approval processes as these relate to waste infrastructure development.

The Department has briefed the Association on the Discussion Paper. It should be noted that the intent of the Discussion Paper is to be a broad overview to promote discussion with some limited direction towards a particular broad option. The breadth of the Discussion Paper offers Local Government a unique opportunity to develop the model/s for reform which achieves the best outcomes.

PART TWO: Future Direction

When looking at reform of waste management, it is important to have a clear vision of what the ultimate outcomes being sought are, in relation to service delivery for Local Government, State Government and the private sector. This section outlines, for each sector, the key reform outcomes.

Service Delivery

Summary

Local Government aspires to the following level of service delivery:-

Infrastructure: Access to efficient and better practice kerbside and vergeside collection services, as well as convenient and comprehensive drop off facilities for materials which cannot be disposed of through the kerb and vergeside services.

Behaviour change: Coordinated access to sufficient information, and consistent and effective education and incentive programs (supported by robust evidence of effectiveness) to ensure that the majority of the community can use services correctly.

While some level of expected service delivery has been defined for Local Government, there is not an overall goal for the sector to work towards. This Submission recommends a level of service delivery based on two key factors, infrastructure and behaviour change. The community have to dispose of a range of products and Local Government provides various services to facilitate this.

Traditionally kerbside and vergeside services have allowed residents to dispose of most products, however there are problematic materials, such as Household Hazardous Waste (HHW) and electronic waste, which cannot be disposed of through these services. Therefore drop off facilities/locations are needed. Drop off locations provide the additional potential benefit of being reuse centres or collection points for Product Stewardship schemes. Intrinsically linked to such infrastructure are the behaviour change activities that support it. Behaviour change requires an ongoing commitment and a robust evidence base in order to ensure the message being communicated is understood and acted upon. The community may have misconceptions about how a service operates and through effective and sustained behaviour change programs these issues can be addressed.

It is acknowledged that not all Local Governments will be able to provide the services identified, due to an inability to access sufficient resources. The services are also not intended to be provided in isolation and there is a clear role for the waste industry, producers and the State Government to support Local Government in this regard.

Local Government aspires to the following level of service delivery:

Infrastructure: Access to efficient and better practice kerbside and vergeside collection services, as well as convenient and comprehensive drop off facilities for materials which cannot be disposed of through the kerb and vergeside services.

Behaviour change: Coordinated access to sufficient information, and consistent and effective education and incentive programs (supported by robust evidence of effectiveness) to ensure that the majority of the community can use services correctly.

Reform Outcomes – Local Government

Summary

In considering changes to the Governance model for waste management in the metropolitan area, the following factors are important:

- Cost effective service for ratepayers
- Metropolitan wide coordination of waste management
- Certainty for the operating environment
- Utilisation of extensive Local Government experience in this area
- Optimisation of existing infrastructure and resources
- Standardisation of collection systems to maximise efficiency of service delivery and education

In developing the Waste Vision Paper, the question was asked, in relation to waste management governance reform, ‘what does success look like?’ The following criteria were highlighted in the Waste Vision Paper and have been further discussed and refined subsequently through the Policy Forum process.

Cost effective service for ratepayers: The service should achieve the right social and environmental outcomes, but be at best price. To achieve this, the necessary conditions are a clear understanding of what services are currently being provided, what is ‘best practice’ for these services, whether they are cost effective and what it would take for them to be cost effective. One way to ensure effective and efficient services are provided consistently is to establish benchmarks for the sector for the services provided. Funding from the Levy could be used to assist Local Government with reaching consistent levels of service. To understand what good practice is for the sector, clear and consistent data would need to be provided by Local Government and their service providers.

Metropolitan wide coordination of waste management: For the service delivery outcomes identified to be achieved, there needs to be metropolitan wide coordination of waste management. This includes a range of

activities, such as aggregation of waste supply and infrastructure planning. Planning at a metropolitan wide level has many benefits including meeting the needs of the community, allowing for effective contingency and emergency management planning, avoiding duplication of resources and utilising economies of scale in procurement of services.

Certainty for the operating environment – next 5 to 20 years – to enable investment: To provide certainty for the private sector to invest in large-scale waste projects, a stable operating environment is need where waste tonnages can be guaranteed for the long term. To communicate information to the community and for long-term behaviour change outcomes, there has to be a degree of certainty in the operating environment.

Utilisation of extensive Local Government experience in this area: Local Government and Regional Councils have invested heavily to ensure they have suitably qualified technical experts employed to further their agreed waste management outcomes. This expertise provides credibility and confidence as to the sector’s decision-making process. The corporate knowledge and experience of the people employed in the sector is a valuable resource that needs to be both recognised and utilised in developing and implementing future waste management outcomes. This experience within the sector means that issues are more likely to be identified before they occur and that practical considerations are fully understood. This expertise means the sector can operate effective and efficient services.

Optimisation of existing infrastructure and resources: Local Governments, Regional Councils and the private sector have invested significant funds into existing infrastructure to manage waste. In the development of region wide infrastructure plans, and to ensure the facilities continue to provide effective waste services, they should be assessed to determine ongoing viability.

Standardisation of collection systems to maximise efficiency of service delivery and education: A standard collection service at least across the metropolitan area (if not wider) is achievable, if there is investment to ensure all Material Recovery Facilities are able to process the same material, the necessary bin and collection infrastructure is in place and there is a consistent message delivered to the community. Ultimately, all Local Governments should be providing the same messages to their communities – there may be specific groups within the overall community which require a tailored message, but this can also be achieved through coordination. Infrastructure, of all kinds, education and behaviour change are intrinsically linked - every decision about education/behaviour change has an impact on infrastructure and vice versa. Any new structure has to ensure that this link is explicitly recognised, agreed and coordinated.

Reform Outcomes - State Government

Summary

Local Government strongly recommends the State Government:

- Increase the hypothecation of funds raised by the Levy to enable strategic waste management outcomes
- Commit to Extended Producer Responsibility for problematic products
- Commit to the implementation of a Container Deposit Scheme
- Ensure Planning for Waste Management
- Establish an independent Waste Agency
- Provide outcomes based Guidance
- Lead by example, particularly in waste disposal and in the procurement of waste derived materials
- Influence national processes

There are some key areas where Local Government needs support to achieve better practice service provision, in order to make services cost effective and efficient. State Government, largely through the Department of Environment Regulation and the Waste Authority, has a number of key roles and areas where enhanced activity would be greatly beneficial.

Increase Funding from the Levy: The State Government has custody of funds raised through the Waste Avoidance and Resource Recovery Levy. The return of funds from the Levy to Local Government is vital in order to achieve outcomes. The funding needs to be a long term commitment however, rather than on a project by project basis. A solid commitment of Levy funds, on a long term basis, in line with an agreed plan would provide certainty for the sector to plan their own investment and when seeking investment from the private sector.

The Levy has increased, and consequently a greater amount of funding will be available. The discussion regarding the SWIP Project indicated that a significant investment was needed to meet the targets in the Waste Strategy. A greater rate of hypothecation of the Levy to waste management activities would assist in facilitating the necessary infrastructure and allied structural adjustments required to meet the Waste Strategy targets.

Recommendation: That the State Government increases the hypothecation of funds raised through the WARR Levy to facilitate enhanced strategic waste management outcomes.

Commit to Extended Producer Responsibility: What ultimately becomes waste is not controlled by Local Government, but rather the producers of various products who have a very limited interest in what happens to their product at end of life. Government support and implementation for Extended Producer Responsibility schemes is vital to address the ever increasing costs and complexities associated with management of waste.

The Discussion Paper notes that the product stewardship and EPR provision in the WARR Act have not been applied to date. This is a key element of the Act and Local Government considers these provisions must be used for priority products. Through EPR Schemes the Government is also able to engage in a structured way with the C&I and C&D sectors, depending on the priority product, and provide these sectors with business development opportunities as well as additional avenues to achieve the State Waste Strategy Targets.

Recommendation: That the State Government use the provisions for Extended Producer Responsibility contained within the WARR Act.

Commit to implementation of a Container Deposit Scheme: There are a range of products that could be considered for an EPR Scheme. The highest priority for Local Government is the implementation of a Cash for Containers Scheme. Such a scheme would have multiple benefits and support a range of outcomes. A Cash for Containers scheme has an immediate positive impact on the cost of recycling – it makes it cheaper by increasing the value of the products recovered. Data from South Australia and the New South Wales analysis shows that while the volume of material collected through kerbside recycling is likely to decrease the value of the remaining material increases to more than cover the removal of the material. There is an immediate impact on littering, and the consequent clean up costs. The 2012 Keep Australia Beautiful Litter Index showed that 5 of the top 12 littered material were beverage containers.

A Cash for Containers system would have an immediate positive impact on that statistic – in South Australia, of the containers covered by their container deposit legislation, not one was in the top 12. It has been estimated that if a Cash for Containers Scheme was implemented in WA it would reduce litter by 25% - easily meeting the Target identified in the recently released *Litter Prevention Strategy for Western Australia 2015 – 2020*. In relation to infrastructure, the development of drop off centres where people can redeem their deposits provides the ideal site for a range of products to be collected.

Recommendation: That the State Government introduce a Container Deposit Scheme in WA to aid the efficient and effective recovery and recycling of municipal solid waste.

Ensure Planning for Waste Management: High level strategic planning activities, such as the Strategic Waste Infrastructure Planning Project, are a key role of State Government as they ensure a strategic approach to the selection and placement of waste management infrastructure. As identified in the Changing Technology and Infrastructure section of this Submission, the release of a State Government Plan for waste management in the metropolitan area is an essential outcome for the SWIP Project. Ensuring waste management is considered, and allowed for, within the state planning context is also a vital role for State Government.

Waste management is an essential service, and like the provision of water and energy, without proper acknowledgment of its planning and land allocation requirements at the highest level of State Government, waste management cannot, and will not, improve.

Recommendation: That the State Government, as a matter of urgency, adopt a strategic waste infrastructure plan to inform and guide waste industry decision making and investment.

Establish an Independent Waste Agency: The current structure, which both regulatory and collaborative functions housed in the same Department, is not achieving the optimal outcomes for waste management. The focus of the new Department of Environment Regulation is clear – Regulation. This is an essential function of government and needs to have a significant role in achieving waste management outcomes, however there are a range of other communication, information, policy and programs aspects of waste management that would benefit from the focus of a single, dedicate and independent Waste Agency.

The work of ZeroWaste SA, over many years, is a testament to what can be achieved through a separation of policy and program functions from regulation. An independent Waste Agency, with a suitably qualified skills based board, would provide the sector with confidence that the State Government is giving waste management sufficient focus and status as an essential service.

Recommendation: That the State Government put in place an independent Waste Agency, funded by the WARR Levy, to allow for a separation of policy and program activity and regulatory function of the DER.

Provide outcome based Guidance: Prior to the Better Bins Program and the funding of WALGA to develop *Better Practice Guidelines for Verge Collections* in 2014, there was no WA specific guidance for Local Government on these topics. Therefore each Local Government approached service provision in a slightly different manner, depending on the information they had available, funds available and decision maker preference. The provision by the State Government of benchmarks and better practice approaches for the sector is a vital role.

Lead by example: In seeking markets for products once considered waste, the Government has a key role to play in purchasing. Main Roads, while using some recycling C&D through their Gateway Projects, has withdrawn Specification 501 which covers the use of C&D in the construction of roads and pavements. Government committing to using recycled C&D is an example of what would assist in terms of both demonstrable leadership and market development. State Government also has the opportunity to use existing waste processing infrastructure, such as Alternative Waste Treatment facilities.

Influence national processes: Extended Producer Responsibility may be best implemented at a national level and the State Government is uniquely placed to influence outcomes in that arena. A decision at the national level on Cash for Containers and support for the implementation of other co-regulatory or mandatory Product Stewardship schemes would be ideal.

Reform Outcomes - Commercial & Industrial and Construction & Demolition waste

Summary

Local Government strongly recommends that governance changes support both market development for Construction & Demolition waste and the effective engagement with Commercial & Industrial waste generators.

The Discussion Paper is predominantly focused on the Local Government sector. As Local Government is not the main generator of waste, further consideration and attention to the C&I and C&D waste streams by the DER is essential. It would be a missed opportunity not to engage with the C&I and C&D sectors and look at governance structures which could assist in increasing recovery rates from those sectors.

Local Government, under the WARR Act, only has responsibility for Local Government Waste; waste from households and its own sources. Therefore Local Governments concern with what occurs in these sectors is largely

a question of ensuring efficient and positive environmental outcomes for the community, identifying synergies and ensuring all waste streams receive the attention they need to facilitate change.

Market development for Construction and Demolition waste: The increase in the Levy does provide a significant cost advantage to recycled C&D waste, however other vital considerations are that markets are available for products, and that appropriate regulatory arrangements are in place. Further, concerted efforts in these areas would ensure the industry can develop effectively and meet the targets in the State Waste Strategy.

Effective engagement with Commercial and Industrial waste generators: The C&I waste stream is very diverse and comes from a wide range of premises. Businesses, whose primary focus is not waste management, are likely to make decision about their waste management practice based on a few considerations. While cost may be important, other factors such as convenience, ignorance and inertia are likely to have a significant impact on their decisions. To address this and change actual work practices is a long term commitment, which may require regulatory intervention (such as a Cash for Containers scheme), but at this stage there has been limited success in achieving this. A market based approach would be to provide real financial incentives for waste and recycling companies to increase the number of their clients with recycling services and to educate/engage with their clients on the use of services.

The light industries project, previously hosted by Perth Region NRM, also provides a proven program based approach to engagement with the C&I sector. This project involved officers interacting with businesses on an individual level and providing guidance on waste management and a range of other issues. This approach has multiple benefits, including pollution prevention, greater waste diversion from landfill and energy reduction. Programs of this type are resource intensive, but given the limited number of regulatory triggers and incentives available, they provide one sure way of changing behaviour.

Reform Outcomes – WALGA

Summary

WALGA, through the Municipal Waste Advisory Council (MWAC), will continue to provide high quality advocacy, coordination, program delivery and information provision. MWAC will have enhanced abilities to coordinate activities between Regional Groups.

The Association currently provides a number of services to Local Government, including advocacy, program delivery and information sharing. The internal structure of the Municipal Waste Advisory Council (MWAC), which is a Committee with delegated authority on waste management issues, provides the mechanism to exchange information and develop sector wide policy and advocacy. Through the development of the Waste Vision Paper, which was initiated by MWAC, the major players in waste management were brought together and impetus to change the governance of waste management commenced. Having structures in place which allow for an exchange of ideas and coming to consensus positions provides a clear way forward.

With changes to the metropolitan Local Government landscape, there are potentially changes that will need to occur within the MWAC Structure to ensure the Committee remains the key body where all Local Government entities with a strong interest in waste management can collaborate. Overall, however, the role of WALGA would be to continue to provide services for the sector, including policy development and advocacy, program delivery and information sharing.

PART THREE: Waste Management – New Governance Model

In the previous sections, the current situation and background have been provided, as well as some of the recommendations for reform. The focus of both the Discussion Paper and the Waste Vision Paper has been predominately on the metropolitan area, as the main generator of waste. However, the issues raised and approaches suggested are applicable for the non-metropolitan area, as appropriate.

Function – what functions are best delivered regionally?

For effective and efficient waste management operations to occur, there are a range of activities which are potentially best coordinated/managed at a regional level. The following are suggested based on the Waste Vision Paper and feedback from stakeholders.

Region wide infrastructure plan: The Waste Vision Paper identifies that the regional organisations should develop region wide infrastructure plans, which align with the State Waste Infrastructure Plan. Local Governments should also have plans in place which align with their particular regional plan. Region wide planning allows for more specific actions to be developed, which could include drop off points and alternative waste treatment facilities.

These types of plan are better developed at a regional level, rather than an individual Local Government level, because they can ensure a balanced geographic spread of facilities. Also some facilities, like landfills and alternative waste treatment are more efficient at a larger scale, so planning for these facilities should be based on significant tonnages. The State Government Perth/Peel infrastructure plan will provide a framework for the Regional Plans and through the approval process for these Regional plans a clear link to the State Plan can be assured.

Region wide transition to better practice plan: The State Government has provided clear guidance on better practice approaches to kerb and verge services. The development of regional plan to transition to these services has the potential to allow greater economies for purchasing in bulk, for example, in new bin infrastructure. This would also ensure a coordinated change to services, so that residents would experience minimal difference to service provision and behaviour change could be coordinated.

Education/Behaviour change: Consistency of message, ongoing commitment and robust evidence of effectiveness are key ingredients to ensuring behaviour change. While individual Local Governments have currently provided resources dedicated to this, regional delivery of these activities would ensure that there was equal focus on behaviour change throughout the region. This would facilitate system changes and ensure that there is consistency to the messages being provided to the community.

Contingency and Emergency Management Planning: Contingency and emergency management planning are an absolute essential, whether it is looking at and planning for the implications for recycling market failure, facility incapacitation or natural disaster management, a regional approach allows for greater cooperation and focus. The current Regional Councils have agreements in place regarding these types of issues, which are an essential back up. Emergency events occur infrequently, but without sufficient planning in place they can have catastrophic effects.

Market development: The private sector is not necessarily interested in developing uses / markets for materials which do not have a ready market. Regional Councils have played a significant role in developing markets for problematic products. At a regional level problematic products can be identified and solutions sought. At some time these problematic products will cease to be an issue when the markets have sufficiently developed for the private sector to invest. An example of this is the mattress recycling, which started as a Regional Council initiative and has been taken on by the private sector.

Procurement: As has been noted, there can be advantages to aggregating procurement, whether it is for small infrastructure, such as recycling bins or larger infrastructure like a Waste to Energy facility. The aggregation of waste tonnes to allow the private sector to invest is likely to continue to be something best done at a regional level.

New Governance Model for Waste Management

In developing this governance model a number of options were considered. The development of a new model for waste management requires an understanding of what does and doesn't work with the current structures, the issues for waste management in WA, a clear vision of what we are seeking to achieve through change and an understanding of what governance options will be best placed to achieve these outcomes.

The following model has been developed on the assumption that there:

- Is a need to change the current governance arrangements in place to allow waste management to continue to improve
- Is a need for greater coordination of activities
- Are a range of services that are best delivered/coordinated, consistently, on a regional level

- Is a need for greater engagement and coordination of the C&I and C&D sector
- Is a range of expertise and experience in the Local Government sector that should be utilised
- Is existing infrastructure which should be utilised
- Is a need for Elected Member involvement in Local Government related processes, as community representatives, and as such they need to have sufficient skills.

Overall Structure

A simple diagram of the proposed structure is shown in Figure 1. The structure involves an overarching, Perth/Peel Waste Management Group, with two groups to focus on C&I and C&D waste. For MSW, it is proposed that the three regional groups are formally established as Regional Subsidiaries. The role and scope of each of these structures is discussed, as well as why they are best placed to resolve issues and achieve desired reform outcomes. The practical considerations for transition from the current structure to the new model are also discussed.

Recommendation: That the State Government establish an overarching Perth/Peel Waste Management Group to guide and facilitate the implementation of the State Waste Strategy in this region.

Recommendation: That the State Government establish Groups for C&I and C&D wastes to facilitate greater engagement from these sectors and market development.

Recommendation: That the State Government facilitates the formation of three Regional Subsidiaries within the Perth/Peel area to undertake a range of regional waste management functions.

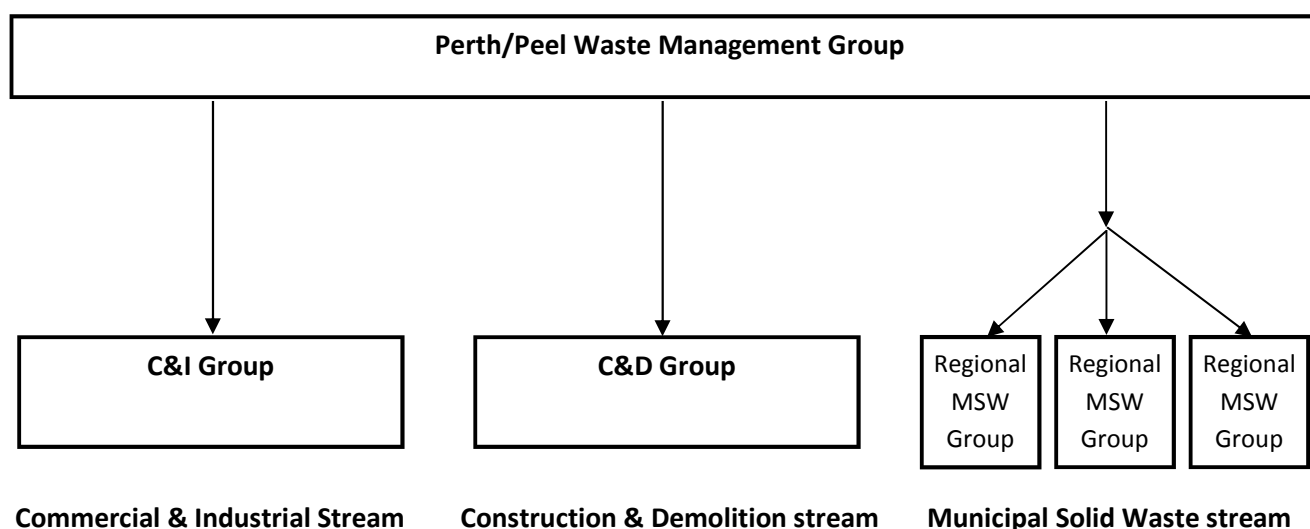


Figure 1: Overall Structure of Proposed Governance Model

Perth/Peel Waste Management Group

Function: The Perth/Peel waste management group would be established to deal with strategic waste issues in this region, particularly to ensure that the groups established for the different waste streams can work together on strategic issues and are progressing towards the targets in the State Government's Waste Strategy.

Members: Waste Authority, C&D Industry, C&I Industry and the MSW sector.

Administration: provided by the Department of Environment Regulation.

Notes: This group would be the clearing house for issues and allow a group of key industry players to be brought together to address challenges and coordinate issues between sectors. If an issue arose which related to one sector in particular, it would be provided back to that group / Regional Subsidiary for resolution and then reported back to the central group. This group could establish working groups for problematic issues or materials which would draw on the expertise in each of the groups and the Regional Subsidiaries.

C&I and C&D Groups

Function: The purpose of these groups would be to bring together those in the respective industries to focus on the issues affecting their industries and develop appropriate and cost-effective solutions.

Membership: The Groups would have representatives from relevant industry associations, both producers of waste as well as those managing waste.

Administration: provided by the Department of Environment Regulation.

Notes: It is envisioned that these groups would start small, but develop. The group's administration would be funded by the Waste Authority, with projects put forward for funding as they are developed. These groups would develop plans for improving their industry focusing on programs that would reduce waste and would meet State Waste Strategy Targets. Through the use of the formal group structure, the industry sectors can develop capacity to be able to address the issues of their sector and continue the drive towards better waste management practices. These groups would have a greater degree of focus and status than the current structure, thus assisting in market development and liaison with Government agencies.

The Waste Management Association of Australia has suggested that they could facilitate the formation of these groups.

Regional MSW Groups

Function: The purpose of these Regional MSW Groups is to coordinate waste management at a regional level. Their roles would include:

- Developing and implementing a region wide infrastructure plan – drop off point location & alternative waste treatment
- Developing and implementing a region wide transition to better practice plan – kerbside & vergeside
- Education/Behaviour change delivery – for all services
- Contingency and emergency management planning
- Market development for problematic products
- Procurement, where a regional approach is preferred
- Utilisation of existing infrastructure
- Provide services where appropriate.

Membership: Compulsory membership of Local Governments in their region. The Regional Groups would be governed by a Board, incorporating representatives from the member's Local Governments as well as independent skills based members, with majority membership being Local Government.

Administration: The Administration would be part funded by the Waste Authority, part funded by the member Local Governments.

Notes: The preferred model 'in principle', is that of Regional Subsidiaries, see the Transition section for further discussion of this. The Regional Subsidiaries would be established on a geographic basis covering the Perth/Peel area. It is noted that the issue of compulsory membership of these groups is a key concern for the sector, particularly given the potential for W2E plants to circumvent one of the proposed functions. It is proposed that Local Governments would have to be a member of a Regional Group – however, not all projects undertaken by the Regional Group would necessarily be relevant to each Local Government. For example, if the Local Government has existing contractual arrangements for alternative waste treatment, this would not be overruled by the Regional Group. If Regional Subsidiaries are successfully implemented, then Local Governments would have far greater engagement in the governance than is currently the case.

To ensure ease of transition from current arrangements to this new model, three entities are suggested. However, in the future this should be re-examined to see if fewer subsidiaries could achieve the same outcomes within the metropolitan area, or would even be required into the future. The Regional Subsidiaries would put forward proposals, in line with the Regional Plans to access funding from the Waste Authority.

How does the new structure help to address the range of issues and outcomes identified?

In this Submission, a range of different issues for waste management and key outcomes have been identified. No one structure can resolve all of the issues, however through greater communication and coordination there is the potential to engage industry and government.

What the Structure cannot address directly

There is limited ability for this structure to implement EPR. This remains a State and/or Federal Government legislative responsibility. However, through cooperation, voluntary product stewardship initiatives could be developed for problematic products in various sectors. This is particularly the case for C&I and C&D. By bringing together the waste generator and managers, this approach could assist in developing voluntary product stewardship approaches.

Providing a clear and certain regulatory environment is again the role of the State Government. The group structures suggested cannot directly impact this, however could provide a clear avenue for consultation and engagement.

What the structure can provide opportunities to address

While WA will remain subject to market forces, collective contingency and emergency management plans will mean that this volatility will be reduced. By facilitating greater communication between those managing waste streams, solutions for common material types can be worked on strategically, bringing together great volumes and consequently opportunities for market development and investment in infrastructure. With our geographic isolation and the costs associated acknowledged, through greater collaboration and aggregation of waste better markets may be established. Finally, with regard to infrastructure costs, metropolitan wide coordination and collaboration will ensure that infrastructure is developed in line with the State Plan and if there are operational issues with the infrastructure, contingencies will be in place.

What the overall structure has been designed to achieve

Understandably this Submission is focused primarily on the issues associated with Municipal Solid Waste management, however MSW is not the majority of the waste stream, so consideration must also be given to what overall structures would facilitate improvements in the C&I and C&D waste streams. By working together, across all waste streams, the challenges of waste management in WA are more likely to be resolved.

The structures suggested for C&I and C&D are aimed to assist with building capacity in these respective areas and linking waste generation to waste recovery. The private sector, while working together on certain issues through industry associations, does not have a structure that allows for collaboration and metropolitan wide planning. There are only relatively weak linkages between those generating waste and those processing it. By providing funding to these groups, and clear support for effective programs, the State Government can start to facilitate greater engagement by waste producers and a more robust private sector.

The question has been asked – why is Local Government involved in waste management and what value does it bring? As discussed in the section on waste as an essential service, waste management is a vital activity which must occur to ensure the community has a safe and protected environment. Local Governments long term involvement in and commitment to high quality waste management has ensured this essential service is provided consistently to the community.

Historically, Local Government was involved in all aspects of waste management because there was limited private sector interest or investment. Over time this has changed for the many areas of Western Australia and there are now private companies undertaking a range of activities, frequently on behalf of Local Government, or the Regional Councils that serve them. This is not always the case in the non-metropolitan areas, however where Local Government is still the primary waste management provider. As a representative of the community, through Council, Local Government is in touch with local issues and concerns and is able to provide a tailored service which meets the needs of its community.

Local Government has invested, through both their Regional Councils and individually, in waste management solutions, or facilitated private sector investment, through aggregation of waste tonnages. The Alternative Waste Treatment facilities in place are a testament to that investment. It would be underselling the sectors involvement in waste management however to see aggregation of tonnages as the only value that Local Government brings to

waste management. Because of the community imperative, Local Government has a strong focus on ensuring beyond compliance at facilities, finding innovative ways to reduce waste from landfill and solutions for problematic waste streams, increasing community awareness of what waste management operations actually do and look like and sharing information with others to facilitate better practice. Local Governments expertise and high profile in the waste industry in WA shows in the culture of waste management interactions, there tends to be a great willingness to share knowledge and work together to improve the industry.

The proposed structure will build on these existing strengths of the sector and put in place new entities to continue to move waste management forward in WA. The structure addresses the reform outcomes that Local Government has identified:

Cost effective service for ratepayers: The approach of establishing Regional Subsidiaries has several benefits in relation to providing a cost effective service for ratepayers. The reduction in number of regional entities from 5 to 3 will decrease some of the baseline costs with running organisations, as will the reduced number of representatives on the governing body. The funding by the Waste Authority to assist with the underlying administration of these groups, will take some of the financial pressure off Local Government.

Through greater formal coordination of the groups, economies of scale can be identified and pursued. For example, by developing a collective plan to transition to better practice kerbside recycling economies of scale in purchasing can be accessed.

However as previously noted, should W2E plants be developed successfully, then potentially significant cost savings can be delivered to Local Governments through the competition that these plants could bring to the MSW market needs to be both recognised and realised.

Metropolitan wide coordination of waste management: The Perth/Peel Waste Management Group will oversee all of the waste management activities in the area and be able to identify the coordination needed. This group can facilitate the collaboration between C&I, C&D and MSW waste streams. For the Local Government sector, the reduction in the number of groups managing waste regionally will assist in basic collaboration. . Through the Waste Authority assessment and approval of plans, coordination is assured.

Certainty for the operating environment – next 5 to 20 years – to enable investment: Under the existing scenario, by having compulsory membership to the regional subsidiaries, the certainty for supply of waste can be assured. The approach of having an overarching waste group also means that a greater certainty can be achieved, through collaboration and understanding of the operating environment.

Utilisation of extensive Local Government experience in this area: Through the suggested structures, Local Government expertise and experience in the area of waste management can continue to be utilised and built upon. The Regional Subsidiaries, as they are Local Government entities, would retain the ethos and expertise required.

Optimisation of existing infrastructure and resources: There is the potential for existing infrastructure to be transitioned to the new Regional Subsidiaries.

Standardisation of collection systems to maximise efficiency of service delivery and education: One of the primary tasks of the Regional Subsidiaries is to develop and implement a plan to achieve greater standardisation across the Perth/Peel region.

Engagement and more active coordination of C&D and C&I: The structures proposed allow for capacity building in these sectors and a formal structure for them to undertake activities that will enhance their industries.

The Regional Subsidiaries are well placed to achieve the regional outcomes as they have a structure that allows for ownership of assets and a combination of representative and skills based boards. These structures could be specifically tasked, through their Charter, with the range of regional activities outlined. Many of the regional activities, such as contingency planning, are already occurring informally between Regional Councils. By clearly listing the range of activities the Regional Subsidiaries must undertake, these activities would be formalised. The strong link between the Regional Subsidiary and its member Local Governments, through the member Local Government representation on the Board, is vital to ensure buy in to the activities agreed and create a greater sense of

ownership. Having three groups will also promote competition, allowing a wide range of procurement activities and approaches.

WA has many challenges to overcome in relation to waste management and it is only through working together, utilising existing expertise and experience, that we can meet these challenges. The model that WALGA is proposing intends to build on the existing successes, address current issues with the structures of Regional Councils and formalise the expectations of regional waste management service delivery.

How does a transition from current to new structures work?

If there is agreement from Government and the sector regarding the model proposed, there will need to be further careful examination and planning for transition. The model proposed assumes the Local Government Act Amendment Bill (which includes the provisions for Regional Subsidiaries) is passed and has a scope sufficiently wide to use in the manner described. On that assumption, the transition which needs to be considered is from 5 Regional Councils to 3 Regional Subsidiaries.

If the Bill is not passed, then the Associations position is that Regional Councils are the preferred mechanism to achieve regional outcomes. In this case, the transition is from 5 to 3 Regional Councils. As has been discussed, Regional Subsidiaries would address many of the concerns with the current Regional Council structures.

If Regional Subsidiaries are not introduced, then further work will be essential to address the issues with current structures. Therefore the Association strongly recommends that the Government enact legislation that both allows for Regional Subsidiaries and involves Local Government in the process of developing the regulations.

Recommendation: The Association provides in 'principle support' for Regional Subsidiaries as the preferred governance approach for waste management, although notes that the Bill which contains provision for these entities has not yet been enacted and no regulations have been drafted.

Recommendation: Local Government are engaged in the development of the Regulations for Regional Subsidiaries to ensure they are fit for purpose in the Municipal Solid Waste context.

Recommendation: If Regional Subsidiaries are not enacted then the Regional Council model is the preferred option for regional structures, although noting that further changes would be required.

As mentioned further work would be necessary on the detail of transition, including consideration of the variety of specific issues for each of the Regional Councils, such as establishment agreements, assets and financial arrangements. The Metric Working Group was established to examine Regional Council transition in relation to Local Government reform. With some changes to the Working Group Terms of Reference, this group is ideally placed to undertake this work.

Recommendation: That the Metric Regional Council Working Group be re-established, and its Terms of Reference be amended to:

- **Allow for work on the transition to a new governance model for waste management**
- **Include the Department of Environment Regulation**
- **Include metropolitan Local Government membership.**