

Submission on the Office of the Auditor General's Performance Audit of the State Waste Strategy

March 2016



Status of this Submission

This Submission has been prepared through the Municipal Waste Advisory Council (MWAC) for the Western Australian Local Government Association (WALGA). MWAC is a standing committee of WALGA, with delegated authority to represent the Association in all matters relating to solid waste management. MWAC's membership includes the major Regional Councils (waste management) as well as a number of Local Government representatives. This makes MWAC a unique forum through which all the major Local Government waste management organisations cooperate. This Submission therefore represents the consolidated view of Western Australian Local Governments. However, individual Local Governments and Regional Councils may have views that differ from the positions taken here.

This Submission has been considered and endorsed out of session by MWAC (March 2016).

Executive Summary

Local Government plays a significant role in waste management in Western Australia, but has limited control over factors such as waste generation and market stability. This Submission explores some key actions which the State Government needs to undertake, to ensure that waste management practices are sustainable, waste minimisation is achieved and Waste Authority projects and programs can deliver optimal results through:

- Coordination and support of market development for waste derived materials.
- Implementation of Product Stewardship and Extended Producer Responsibility Schemes for problematic materials in Western Australia.
- Development and implementation of waste minimisation strategies and initiatives.
- Timely decision making by the Minister, the Department of Environment Regulation and the Waste Authority.

Introduction

The Association welcomes the opportunity to provide feedback to the Office of the Auditor General on the Performance Audit of the State Waste Strategy. Local Government has a key role to play in assisting the State Government to implement the strategic objectives of the Strategy, and reduce Western Australia's reliance on landfill. Local Government provides a range of waste management services that are highly valued and utilised by the community. These services can include but are not limited to the provision of transfer stations, landfills, re-use shops, temporary drop off days, kerbside collections, vergeside collections, litter and illegal dumping clean up, street sweeping, Alternative Waste Treatment technologies, composting and the provision of community waste education programs.

As per the provisions of the *Waste Avoidance and Resource Recovery Act 2007* (WARR Act), Local Government has responsibility for managing municipal waste. There are no other sectors in Western Australia that are tasked with a legislative responsibility for a dedicated waste stream. Data from the most recent study into *Recycling Activity in Western Australia 2013-14*¹ suggests that the 2015 Waste

¹ ASK Waste Management (2015). Recycling Activity in Western Australia 2013-14. Available online. http://www.wasteauthority.wa.gov.au/media/files/documents/WA_Recycling_Activity_13_14.pdf

Strategy targets for all sectors were not achieved (Table 1). Substantial efforts will be required to meet the 2020 targets.

Table 1. Diversion rates by sector (ASK Waste Management)

Sector	Waste Strategy Targets		2010-11	2011-12	2012-13	2013-14
	2015	2020				
Municipal	50% metro; 30% regional centres	65% metro; 50% regional centres	39% (metro)	39% (metro)	45% (metro)	41% (metro)
C&I	55% (WA)	70% (WA)	28% (WA)	40% (WA)	45% (WA)	45% (WA)
C&D	60% (WA)	75% (WA)	31% (WA)	38% (WA)	40% (WA)	38% (WA)

Are sustainable waste practices in place to increase resource recovery and reduce waste to landfill?

The *Local Government Act 1995* Section 1.3 (3) states that:

“In carrying out its functions a local government is to use its best endeavours to meet the needs of current and future generations through an integration of environmental protection, social advancement and economic prosperity.”

Consequently, Local Government is expected to have sustainability embedded in its operations. In answering the question posed by the Office of the Auditor General, it is important to define what Local Government considers to be ‘sustainable waste practices’ and the various factors which impact on Local Governments ability to deliver waste management services.

If all of the following outcomes are met, it indicates that sustainable waste management practices are in place:

- **Positive environmental outcomes** - such as reducing waste to landfill and increasing recovery of resources.
- **Positive social outcomes** - providing services which the community engage with, use and value highly.
- **Positive economic outcomes** - providing financially viable services that are ideally cost neutral for Local Government.

When considering current practices in WA against these outcomes it is clear that there are many sustainable waste management practices in place. However, the sustainability of these service is threatened by factors such as market instability, the cost of transport and changing regulatory approaches. Local Government has very limited control on the type of waste it will be called on to manage, as this is determined by those producing the waste at a household level and more broadly - by the industries which supply householders with products.

Market Development

WA is faced with a number of logistical constraints, notably distance to markets. WA is an export orientated State, with limited local manufacturing. As a result, many materials diverted from landfill are not reprocessed locally, rather sent to overseas markets. In these markets, Local Governments have limited control over factors such as the value of the Australian Dollar, stability of commodity markets, or even the type of reprocessing techniques used. Scrap metal, paper, rubber, textiles and mixed plastics are all relevant examples.

For other materials such as organics and Construction and Demolition (C&D) waste, there are considerable opportunities to develop and support local markets. Through its procurement activities, the State Government is in a good position to drive market development for waste derived materials, however to date there has been limited coordination or results. A recent example is recycled C&D products. The State Government has announced a \$10 million funding program to promote the

benefits and use of recycled C&D products. The regulatory branch of the Department of Environment Regulation is developing standards and testing regimes to clarify what level of processing is required so that this material is no longer subject to regulation as a waste (refer to example 4). Unfortunately, Main Roads has not accepted this testing regime, or participated in developing market outlets for products, despite having the capacity to do so through its substantive works program. Such disparate signals from the State Government does not provide the wider industry with confidence that there are stable conditions in which it can invest.

Government Action: Coordination and support of market development for waste derived materials.

Product Stewardship / Extended Producer Responsibility

Local Government is faced with a number of challenges in providing sustainable waste management services. These challenges are regulatory, organisational and economic. These issues are particularly significant for regional and remote areas, where there is a limited rate base from which to raise funds, and few private sector waste management providers to share the load. Local Governments are continually balancing the economic, environmental and social aspects of sustainability. The use of Product Stewardship and Extended Producer Responsibility schemes can assist in addressing these issues.

Product Stewardship is founded on an acknowledgement that the parties involved in producing, selling, using and disposing of products have a shared responsibility to manage end-of-life products in a way that reduces their impact on the environment, human health and safety. Extended Producer Responsibility Schemes (EPR's) generally place a greater onus of responsibility for end-of-life management, on the producer, importer and retailer of products. To date, these Schemes have been used in Australia to begin redistributing end-of-life costs away from State and Local Governments. However, there has been limited success in using these Schemes to re-engineer products so that they can be easily recycled. Action by State Government to require industry to incorporate end-of-life considerations into products would greatly assist. The Waste Authority is required to report annually on its performance in the area of Extended Producer Responsibility, however there has been limited action in this area.

Government Action: Implementation of Product Stewardship and Extended Producer Responsibility Schemes for problematic materials in Western Australia.

Are waste minimisation strategies monitored and assessed at the state, regional and local level, and are they working?

The Waste Hierarchy is a policy tool that identifies the various methods of managing waste in order of preference. Waste minimisation/avoidance is the most preferable option, focusing heavily on product design and consumer choices. It is worth noting that the main focus of current activities, as guided by the State Waste Strategy, is to reduce waste to landfill, rather than reduce waste generation. The efforts of the waste management industry are predominately focused on establishing infrastructure, carrying out logistics as efficiently as possible and stimulating end markets. While this approach is important, and will always form a part of waste management, it does not address or question how society consumes materials.

It is acknowledged that waste minimisation is often hard to achieve. However, there are several high level approaches that the State Government could investigate and use:

- Reduce consumption at specific times – e.g. Zero Waste Canada RETHINK Christmas campaign
- Reduce consumption in particular industry sectors – e.g. NSW Bin Trim Program
- Reduce consumption of key products – e.g. WRAP UK Love Food, Hate Waste Campaign
- Encourage different consumption patterns – e.g. UK and US Buy Me Once Campaign
- Reduce waste in the supply chain – e.g. supermarket ready transport packaging

Local Government undertakes varying degrees of activity to encourage waste minimisation. This can include installing infrastructure such as chilled water fountains in high foot traffic areas (to reduce the number of single use bottles consumed) and supporting initiatives such as Plastic Free July. A limited number of Local Governments and Regional Councils employ waste educators, to engage the community on waste management issues. In terms of reuse, Local Government can provide re-use shops, support programs such as the Garage Sale Trail and the services of charities. Some Local Governments also provide subsidies on domestic worm farms and composters, to enable residents to manage their own organic waste more sustainably at home.

Government Action: Development and implementation of waste minimisation strategies and initiatives.

Are Waste Authority grants distributed to projects and programs that increase resource recovery and reduce waste to landfill?

The Waste Authority and the State Government have put in place a range of positive Programs which are effective, however timeliness of decision making on funding has undermined the delivery and effectiveness of many programs. In responding to this question, the Association has provided the Office of the Auditor General with examples of projects that it has been involved in - to highlight the many positive elements of the Programs and how decision making delays can adversely affect efficient and effective program delivery.

Government Action: Timely decision making by the Minister, the Department of Environment Regulation and the Waste Authority.

Example 1: Strategic Partnership Program

The Waste Authority Strategic Partnership Program is designed to empower stakeholder groups to work with their members on key projects which increase resource recovery and reduce waste to landfill. The funded projects are mutually beneficial to the Waste Authority and partnering organisations. As the name suggests, the projects are strategic in nature, focusing on system changes which facilitate resource recovery and reduction of waste to landfill. The Association's Strategic Partnership Agreement allows positive and productive projects to be undertaken which could not otherwise occur.

Some examples of activities undertaken by the Association through this Program include:

- Incorporation of waste into planning: this Program provides Local Government with template Policies, model conditions and Waste Management Plan Guidelines.
- Better Practice Vergeside Collection Guidelines: These guidelines present a template that Local Government can use to transition their vergeside collection processes to better practice.
- Bin Tagging Program: Local Governments are provided with resources and support to directly engage their community on source separation behaviours.
- Template Waste Local Law: A template and supporting information has been developed to allow Local Governments to effectively manage waste in line with the head of power provided in the WARR Act 2007.

The main concern relating to the delivery of these projects is the timeliness of decision making and funding certainty. Each year the Association works with the Waste Authority to develop a suite of deliverable projects for the upcoming Financial Year. The activities for the 2015-16 Financial Year were agreed, however a contract could not be signed until the Waste Authority Business Plan for 2015-16 was released. This did not occur until late 2015. There is now less than 6 months to deliver projects that were designed to be rolled out over a 12 month period.

Example 2: Household Hazardous Waste Program

The Association is contracted to deliver the Household Hazardous Waste (HHW) Program on behalf of the Waste Authority. HHW includes unwanted household products that contain chemicals or substances that may be harmful to people or the environment. This Program assists Local Governments and Regional Councils in providing high quality HHW disposal facilities that the community can use to dispose of their HHW at no cost.

The HHW Program has been running, in its current form, since 2011-12 and is funded by the Waste Authority through the Waste Avoidance and Resource Recovery Account. Over the 4 years of the Program (from 2011-12 to 2014-15), 2,196,385 kg of HHW was collected and diverted from landfill, with the cost to run the Program's various activities being \$7,544,945 (ex GST). This Program directly funds the diversion of waste from landfill and facilitates appropriate disposal of HHW.

Again, the challenge for this Program is the decision making timeframe. The Program was due to expire at the end of 2014-15, but was extended by one year while a new Program was developed. As of the date of this Submission (March 2016), further information on the future of the Program is yet to be made available. This represents a substantial risk to the Local Governments and Regional Councils that host HHW facilities.

Example 3: Western Australian Transitional E-waste Program II

The National TV and Computer Recycling Scheme was the first co-regulatory Scheme to be delivered under the Federal *Product Stewardship Act 2011*. This Scheme is delivered by Arrangements whose members are the TV and Computer manufactures / importers. The Arrangements contract with various organisations such as Local Government to run collection sites, and recyclers to manage end-of-life electronics. Within the Scheme, the Arrangements have to meet certain recycling targets for the projected amount of waste arising in each year. Unfortunately, when the targets were met in 2014, many of the Arrangements cancelled or changed their contracts with the collection sites. This meant that Local Governments were unexpectedly covering the cost of TV and Computer Recycling.

The Association contacted the Waste Authority seeking assistance for the sector. Initial discussions were very positive, with an announcement that financial support would be provided while issues with the Scheme were resolved by the Federal Government. From the time of the funding announcement, it took 11 months for the Program Guidelines to be released and Local Governments to be able to apply for funding. This delay had a direct impact on the Local Governments that continued to provide a recycling service for TV's and Computers. Some Local Governments were faced with costs in excess of \$200,000 for this period.

Example 4: Recycled Construction and Demolition products

In September 2015, the Minister announced funding to encourage the use of recycled C&D materials. The increase in the Waste Avoidance and Resource Recovery Levy had successfully diverted C&D waste from landfill to recyclers, however there was not been a parallel increase in demand for recycled C&D products. The Waste Authority funding is intended to stimulate market development in sectors that have not traditionally used recycled Construction and Demolition products. Although the details of the program are scheduled to be launched in March 2016, the industry has serious concerns on the funding restrictions attached to this program. For example, prospective funding recipients must use suppliers that follow the DER's End of Waste Construction Products Guidelines. The testing regime identified in the Guideline is not currently used by C&D recyclers as it is cost prohibitive. The Guidelines were scheduled to be reviewed in January 2016 – this is yet to occur.