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Christine McDonald  
Committee Secretary  
Senate Standing Committees on Environment and Communications  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Ms McDonald

**Senate Inquiry: Waste and Recycling Industry in Australia**

Thank you for the opportunity to provide comment on the Senate Standing Committee on Environment and Communications inquiry into the waste and recycling industry in Australia.

This Submission has been prepared through the Municipal Waste Advisory Council (MWAC), for the Western Australian Local Government Association. MWAC is a standing committee of WALGA, with delegated authority to represent the Association in all matters relating to solid waste management. Due to meeting schedules, this Submission is yet to be considered and endorsed by MWAC. The Committee will be informed of any changes to this Submission following consideration by the Municipal Waste Advisory Council on 13 December 2017.

***a. the quantity of solid waste generated and the rate of diversion of solid waste for recycling***

Solid waste generation rates are not directly measured through the systems that are currently in place in WA. Rather, information is reported on waste to landfill and waste recovered or recycled. The reliability of the data associated with this reporting has been questioned in WA. In 2016, the State Government released a Discussion Paper<sup>1</sup> seeking feedback on ways to improve these reporting systems.

There are several ways that data is captured in relation to waste management, the predominant approaches are:

- **Local Government Census:** An annual survey of Local Government waste collection data including all service types. Close to 100% of Local Governments in WA report through this mechanism. This is a self-reporting process, with limited data verification. Previously, the State Government invested funding to build the capacity of Local Government to undertake this reporting. Audits of the data's accuracy have also been funded.

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<sup>1</sup> Department of Environment Regulation (2016). Proposed Amendments to the Waste Avoidance and Resource Recovery Regulations 2008 to Require Record-keeping and Annual Reporting of Waste and Recycling Data. Available online. <https://www.der.wa.gov.au/our-work/consultation/69-closed-consultations/385-proposed-amendments-to-the-waste-avoidance-and-resource-recovery-regulations-2008-to-require-record-keeping-and-annual-reporting-of-waste-and-recycling-data>

- Recycling Activity Report: Private industry operators provide data on a voluntary basis. For the 2015/16 Annual Recycling Activity Report, there was an industry participation rate of 75%<sup>2</sup>.
- Waste Avoidance and Resource Recovery Levy (WARR Levy) reporting: Data on tonnage, and the associated cost of waste subject to the Levy is collected quarterly.
- Licence conditions: Licenced premises may have conditions imposed which require reporting of throughput. This captures facility specific information on waste acceptance.

These data sources are not reconciled with each other, causing confusion on what the recovery rates actually are. For example, the Local Government Census 2015/16 reported a 38% recovery rate for municipal solid waste in the metropolitan area, an increase of 2% on the previous year. Whereas the 2015/16 Recycling Activity Report showed a recovery rate of 36% for municipal solid waste in the metropolitan area, a decrease of 4% from the previous year. The latter figure resulted in negative media for Local Government, as the impression was given that Local Government was not recycling as much as it could. In reality, the Recycling Activity Report did not capture information from all recycling operators, and could well have missed material recycled by Local Government.

#### ***b. the accreditation and management of landfills***

The licencing and regulatory systems established by the *Environmental Protection Act 1986* will soon be reviewed. The Department of Water and Environmental Regulation has released a Discussion Paper on this Waste Reform Project and the proposed approaches for legislative review<sup>3</sup>. With respect to landfills, there is currently a dual accreditation system where landfills can be either registered or licenced. There have been instances where the environmental regulator in Western Australia has not met inspection targets for licenced facilities<sup>45</sup>. This raises questions on the integrity and effectiveness of this regulatory regime. Additionally, there is no WA specific guidance on landfill management. The Association has been working with the Department for over two years to develop an Environmental Standard for Rural Landfills.

#### ***c. the extent of illegal landfilling***

As per the response to question 'a,' it is difficult to accurately quantify the amount of waste managed by licenced operators. The volumes of material disposed through illegal operations is therefore even more difficult to quantify. In WA, this is particularly problematic for inert materials generated by construction and demolition activities.

In the 2016 review of the Strategy, the Auditor General commented that the 2015 figures for inert waste disposed to landfill had reduced 86%, when compared with 2014 figures. The average volume of inert waste disposed to landfill declined from 266,860 tonnes per quarter in 2014 to 36,930 tonnes per quarter in 2015. This equates to over 900,000 tonnes per year. Unfortunately, it is not so clear where this material has been diverted to. Both the regulator (DWER) and industry are concerned that material has been stockpiled, illegally dumped, used as 'fill,' and/or diverted away from the metropolitan area.

<sup>2</sup> Waste Authority (2017). Recycling Activity in Western Australia. Available online. [http://www.wasteauthority.wa.gov.au/media/files/documents/WA\\_Recycling\\_Activity\\_15\\_16.pdf](http://www.wasteauthority.wa.gov.au/media/files/documents/WA_Recycling_Activity_15_16.pdf).

<sup>3</sup> Department of Water and Environmental Regulation (2017). Waste Reform Project Proposed Approaches for Legislative Reform. Available online. <https://www.der.wa.gov.au/our-work/consultation/452-waste-reform-project>

<sup>4</sup> Department of Water and Environmental Regulation (2017). Regulatory Performance. Available online. <https://www.der.wa.gov.au/about-us/regulatory-performance>.

<sup>5</sup> Office of the Auditor General (2016). Western Australian Waste Strategy: Rethinking Waste. Available online. <https://audit.wa.gov.au/reports-and-publications/reports/western-australian-waste-strategy-rethinking-waste/>.

***d. the role of landfill levies in determining the end destination of material, including the hypothecation of collected levies for enforcement and waste diversion purposes***

In Western Australia, 75% of funds collected through the WARR Levy go directly to Government. The remaining 25% is hypothecated to the Waste Avoidance and Resource Recovery Account, managed by the Waste Authority. Over 60% of the hypothecated funds are used to fund the activities of the Department of Water and Environmental Regulation. In the last few years, this practice has resulted in unexpended funds exceeding \$30 million<sup>6</sup>. For the 2015/16 Financial Year, only 58% of budgeted items received funds. Overwhelmingly, expenditure was directed towards the activities of the Department.

For the 2017-18 Financial Year, the WARR Levy is applied at a rate of \$65/tonne of putrescible material and approximately \$60/tonne of inert material. There is clear evidence to suggest that the WARR Levy is diverting inert material from landfill. This evidence comes from the reduction in Levy payments for inert material, as well as other reporting mechanisms. However 'where' this material has been diverted to remains largely unknown.

Feedback from the sector indicates the current price of landfill, including the cost of the Levy, is beginning to provide a business case to change practices for municipal waste. However, significant investment is required to make large scale changes. The Better Bins Program provides up to \$30 per household to Local Governments that move to a three bin system. This is only a fraction of the cost associated with such a service change, and may not be enough of an incentive to encourage Local Governments to progress this option.

The use of, and access to, WARR Levy funds is a constant source of concern for Local Government. Local Government's support for the WARR Levy is predicated on the funds being used for strategic waste management activities – and that is currently not the case.

***e. the role of different incentives and collection methods in determining the quality and quantity of material collected for recycling***

To effectively divert waste from landfill, a number of conditions need to be in place:

- Appropriate infrastructure for collection and processing
- A well-funded communication and engagement program, so waste generators of the system they are supplying
- Sufficient motivation to undertake waste diversion activities, motivation can be intrinsic (value based), related to an incentive (cash) or a wish to avoid a negative consequence (regulation).

When these conditions are all met, the chances of recovering good, high quantity material is increased.

Examples of such programs in WA include:

- Better Bins Program: This Program is designed to encourage source separation of waste, organics and recycling at the household level. It has also been promoted as a means of harmonising collection systems across Local Government, despite the fact that multiple system configurations have been funded. Local Governments are subsidised up to \$30 per household to move to a three bin system. This is only a fraction of the cost

<sup>6</sup> Office of the Auditor General (2016). Western Australian Waste Strategy: Rethinking Waste. Available online. <https://audit.wa.gov.au/reports-and-publications/reports/western-australian-waste-strategy-rethinking-waste/>.

associated with such a service change, and may not be enough of an incentive to encourage Local Governments to progress this option. It is worth noting that funds have been difficult to access, due to decision making issues within the Department.

- Container Deposit Scheme: There is documented evidence that a CDS improves the quality of both eligible materials and what remains in the kerbside system. Furthermore, the provision of handling fees can encourage operators and community groups to participate in the waste management industry and develop markets for collected material.
- Product Stewardship Schemes: For example drumMUSTER, MobileMuster, and the Tyre Product Stewardship Scheme. DrumMuster is a successful, long running Scheme, as it establishes collection infrastructure at a range of sites, recovers clean material, communicates its message well and motivates people to use the service through a visible levy at point of purchase. By contrast, the Tyre Product Stewardship Scheme has not established infrastructure or funded collections.

***f. the destination of material collected for recycling, including the extent of material reprocessing and the stockpiling of collected material***

The best available information is published in the Recycling Activity in Western Australia Report. The following figures are from the 2015/16 Report<sup>7</sup>:

Material Category	Tonnes	Material Destination		
		WA	Interstate	Export
C&D materials	1,253,800	100%	0%	0%
Organics	479,500	100%	0%	0%
Paper & cardboard	235,000	1%	1%	98%
Metals	579,000	0%	2%	98%
Glass	46,500	91%	9%	0%
Textiles	2,700	11%	0%	89%
Rubber	19,100	18%	11%	70%
Plastic	16,100	17%	21%	63%

Approximately 68% (1,784,300 tonnes) of material was reprocessed within Western Australia, with 31% (823,900 tonnes) exported. Only small quantities (1% or 23,400 tonnes) of recovered material is sent interstate for reprocessing. Data on the amount of stockpiling that occurs is not included in this information. Western Australia is particularly dependant on international export markets for a range of materials. Western Australia faces risks associated with changing product acceptance criteria arising from environmental concerns and fluctuations in the value of other commodities. This matter is further discussed in response to question ‘g.’

***g. the current economic conditions in the industry, including the market for material collected for recycling***

As identified in the response to question ‘f,’ local reprocessing options exist for both C&D materials and organics. Unfortunately, the C&D processing industry has experienced a number of issues in recent years. The 2015 Levy increase diverted significant volumes of C&D into processing facilities. However the efforts by Government to stimulate markets for this material were ineffective. A funding Program to encourage Local Government to used recycled C&D material in civil works was launched in 2015. Through this Program, a testing regime for C&D

<sup>7</sup> Waste Authority (2017). Recycling Activity in Western Australia. Available online. [http://www.wasteauthority.wa.gov.au/media/files/documents/WA\\_Recycling\\_Activity\\_15\\_16.pdf](http://www.wasteauthority.wa.gov.au/media/files/documents/WA_Recycling_Activity_15_16.pdf).

materials had to be met before funding could be accessed. The testing regime proved to be unworkable, resulting in large stockpiles of material at licenced C&D facilities, placing and severe financial stress on operations. The Department is undertaking research on testing requirements, but to date no funding has been given out for use of recycled C&D material in civil works.

For other recyclable material, WA is largely dependent on international export markets. This dependence has proved to be problematic, with fluctuations in the value of other commodities, the Australian dollar, and product acceptance criteria regularly undermining investment. China is currently the end destination of approximately half of the world's cross-border traded scrap paper (29.2 million tonnes, 2015) and plastic (7.3 million tonnes, 2015). In July 2017, the Chinese government informed the WTO that it would ban imports of scrap plastic, mixed paper, textiles, certain metal recycling residues, and all unsorted waste by the end of 2017. The increased import fees and restrictions introduced under the National Sword program are designed to protect the environment and improve public health and follows on from Operation Green Fence, launched in 2013. While the results of the National Sword program remains to be seen, it is likely that many importers will move their operations to Southeast Asian countries<sup>8910111213</sup>.

It is clear that Western Australia is lagging behind other jurisdictions when it comes to the implementation of circular economy approaches. Western Australia is in need of sustainable, local reprocessing options for recycling, that increase certainty on the destination of materials, the regulatory regime that the industry is operating within and long term pricing structures. For example, a battery recycling plant has recently opened in Australia which means the majority of this product can now be recycled within Australia at a lower cost than previously when the material was exported.

#### ***h. the transportation of solid waste across state boundaries***

Given WA's geographic isolation, only small quantities (1% or 23,400 tonnes) of recovered material is sent interstate for reprocessing.

#### ***i. the role of the Australian Government in providing a coherent, efficient and environmentally responsible approach to solid waste management, including by facilitating a federal approach***

The regulation of the waste management industry is the responsibility of State and Territory Governments. The role of the Federal Government is primarily to coordinate activities under the

<sup>8</sup> Recycling Today (July 2017). China asks to ban mixed paper and many plastic scrap grades.

Available online. <http://www.recyclingtoday.com/article/china-mixed-paper-plastic-scrap-recycling-ban-2017/>.

<sup>9</sup> ICIS (July 2017). China's PE Imports: Recycling Ban Adds To Uncertainty. Available online.

<http://www.icis.com/blogs/asian-chemical-connections/2017/07/chinas-pe-imports-recycling-ban-adds-uncertainty/>.

<sup>10</sup> Resource Recycling (May 2017). How National Sword is upending exports. Available online. <https://resource-recycling.com/plastics/2017/05/24/national-sword-upending-exports/>.

<sup>11</sup> Economist (August 2017). China tries to keep foreign rubbish out. Available online. <https://www.economist.com/news/china/21725815-how-new-rule-could-wallop-recycling-industry-china-tries-keep-foreign-rubbish-out>.

<sup>12</sup> Reuters (September 2017). China's plastic demand to rise as foreign garbage ban to curb recycled supply. Available online. <https://www.reuters.com/article/us-china-plastics-demand/chinas-plastic-demand-to-rise-as-foreign-garbage-ban-to-curb-recycled-supply-idUSKCN1B00J8>.

<sup>13</sup> SCMP (July 2017). China bans 'loathsome' foreign garbage. Available online. <http://www.scmp.com/news/china/policies-politics/article/2103587/china-bans-imports-garbage-overseas>.

National Waste Policy<sup>14</sup> and administer the *Product Stewardship (Oil) Act 2000*, *Product Stewardship Act 2011* and its subsidiary legislation<sup>15</sup>.

The COAG Standing Council on Environment and Water provided a formal conduit where States and Territories could meet to work together on key issues. This was disbanded in 2013 and replaced by Meeting of Environment Ministers<sup>16</sup>. The resourcing of the relevant Department also appears to have been reduced, with the 2016 review of the *Product Stewardship Act 2011* still a work in progress.

There could be more of a role for the Federal Government in this area, but it would need to be appropriately resourced and have political support. Another issue with the Federal Government taking more of a role, is the need to ensure that Programs use state specific targets and approaches rather than a single, Australia wide target. The National TV and Computer Recycling Scheme is one such example where the absence of state based targets has resulted in negative servicing outcomes for some jurisdictions. This information has been extracted from Table 4 of the National TV and Computer Recycling Scheme Outcomes 2014/15 Report<sup>17</sup> and the ABS Estimated Resident Population<sup>18</sup>.

State/ Territory	Total weight from all sources	Percentage of total weight	Population at end Jun qtr 2015	Percentage of Australian Population
ACT	646,762.00	2%	390,800	1.6%
NSW	14,709,963.20	40%	7,618,200	32%
NT	76,724.00	0.2%	244,600	1%
QLD	5,009,319.30	13%	4,779,400	20.1%
SA	3,328,725.00	9%	1,698,600	7.1%
TAS	743,111.00	2%	516,600	2.2%
VIC	9,491,035.00	26%	5,938,100	25%
WA	3,186,647.70	9%	2,591,600	10.9%
<b>Total collected</b>	<b>37,192,287.20</b>		<b>23,781,200</b>	<b>100.0</b>

*j. any other related matters.*

The most significant impediment to the Federal Government taking action in this area appears to be the Regulatory Impact Statement (RIS) process and its associated requirements. Over a number of years the Association has provided feedback on numerous RIS documents. On each occasion, the Association has questioned the cost/benefit approach to decision making.

<sup>14</sup> Department of Environment and Energy (2017). National Waste Policy. Available online. <http://www.environment.gov.au/protection/national-waste-policy>.

<sup>15</sup> Department of Environment and Energy (2017). Product Stewardship. Available online. <http://www.environment.gov.au/protection/national-waste-policy/product-stewardship>.

<sup>16</sup> Department of Environment and Energy (2017). Meeting of Environment Ministers. Available online. <http://www.environment.gov.au/about-us/mem>.

<sup>17</sup> Department of Environment and Energy (2016). National Television and Computer Recycling Scheme Outcomes 2014-15. Available online. <http://www.environment.gov.au/protection/national-waste-policy/publications/national-television-and-computer-recycling-scheme-outcomes-2014-15>.

<sup>18</sup> Australian Bureau of Statistics (December 2015) 3101.0 - Australian Demographic Statistics, Jun 2015. Available online. <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Previousproducts/3101.0Main%20Features1Jun%202015>.

The predominate result from a RIS process, is that significant waste management issues have not been addressed. For example, the outcome of the RIS process for Tyres was a voluntary product stewardship scheme which does not directly address issues related to illegal dumping or transport to markets. The Packaging Impacts RIS process appears to have propelled most jurisdictions to establish slightly different Container Deposit Schemes. The Battery Product Stewardship Scheme has jumped immediately to a voluntary approach due to concerns that a RIS process would not produce a result. Consequently, the voluntary Battery Product Stewardship Scheme will cover only about 20% of the batteries that are currently recycled in WA - at a cost to the Government – rather than 100%.

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Yours sincerely



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