



October 2022

Status of this Submission

The Western Australian Local Government Association (WALGA) is the peak industry body for Local Government in Western Australia. WALGA is an independent, membership-based organisation representing and supporting the work and interests of 139 Local Governments in Western Australia.

WALGA provides an essential voice for approximately 1,222 Elected Members and approximately 22,000 Local Government employees as well as over 2.5 million constituents of Local Governments in Western Australia. WALGA also provides professional advice and services that provide financial benefits to the Local Governments and the communities they serve.

WALGA's governance structure is comprised of WALGA State Council, the decision-making representative body of all Member Councils, responsible for sector-wide policy making and strategic planning on behalf of Local Government, and Zones, (5 metropolitan and 12 country), groups of geographically aligned Member Councils responsible for direct elections of State Councillors, providing input into policy formulation and providing advice on various matters.

This is a Draft Submission which will be considered by the Municipal Waste Advisory Council, WALGA Zones and State Council.

Executive Summary

The Department of Water and Environmental Regulation (DWER) has released, for comment, the *Environmental Regulation Reform: A Strategic Review of Regulatory Delivery and Fees for Industry Regulation* <u>Discussion Paper</u>. This Discussion Paper is the first step in progressing significant regulatory reforms, following the passing of the *Environmental Protection Amendment Act 2020* (EP Amendment Act) in November 2020.

The Discussion Paper is a high-level document which focuses on the key reform concepts and fee structure. The proposed approach is a move from the current approach, where most facilities are regulated via a licence, to a system where the type of regulation would depend on the risk posed by the facility operations.

The key impacts for Local Government as a service provider are on the 91 Local Governments and Regional Councils which operate 150 licensed facilities, which are currently licensed or regulated under Schedule 1 of the *Environmental Protection Act 1986* (EP Act).

This Submission provides high-level feedback on the reform concepts and some examples of how these reforms could impact the sector. As the Discussion Paper focuses on concepts, further work will be needed to ensure that the on-ground impacts of the reforms/proposed regulations are fully understood. The Department has acknowledged this and indicated that there will be further engagement sessions regarding the detailed implementation of these concepts.

Table 1: A summary of the various reform proposals and WALGA's initial comments.

	Deform Drawage	MALCA Comment
	Reform Proposal	WALGA Comment
	A hierarchy of regulatory control and oversight will be adopted for activities regulated under Part V of the <i>Environmental Protection Act 1986</i> (EP Act).	Support . This approach is taking a risk-based approach to regulation and aligns with the broader Streamline WA approach.
2.	The level of regulatory control and oversight will be commensurate to the complexity and potential risk posed by an activity.	Support . Additional considerations which would impact risk rating and consequent regulatory oversight — Waste Levy avoidance, industries impacted by the recyclable material export bans and the 'fit and proper person' test for those operating facilities.
	The greater use of regulations to prescribe approaches on an activity basis or set prescribed standards or conditions.	Conditional Support . A range of different approaches is suggested in the Discussion Paper, including standardised licences. Further detailed work would be required to understand the impact.
	Environmental Performance Objectives will be adopted. Driving Environmental Performance Objectives adoption through	Conditional Support. Further detailed work would be required to understand how this would be expressed.
6.	development of appropriate guidelines. Activities are regulated by the most appropriate agency.	Support . Reduce duplication of licencing requirement. Additional considerations, ensuring that waste minimisation considerations are included with the same emphasis if regulated by an agency other than DWER.
7.	Support common application and supporting information across regulatory agencies.	Support.
8.	Activities not currently subject to direct regulatory control under the EP Act will be subject to control where the risk warrants it.	Conditional Support . Further investigation is required to determine how greenhouse gases would be included.
9.	The use of approved waste-derived products will be removed from the scope of Schedule 1.	Support.
	Fe	e Structure
1. 2. 3. 4.	Fee model similar to current approach. Pure cost recovery model. Cost recovery/'polluter pays' hybrid model. Cost recovery model – deferring assessment costs.	 Further investigation required. The objectives for the fee structure need to be clearly articulated, currently there are 9 principles identified. Any cost recovery must be predicated on an effective and efficient regulatory process. Local Government provides services on behalf of the community, often in situations where there are no other service providers, this public service element needs to be incorporated into fee considerations. Consideration of other economic and policy instruments already in place, such as the Waste

Comment on the WALGA Submission

Feedback on the WALGA Submission is requested by **Monday**, **7 November 2022**. WALGA is hosting an online workshop to discuss this Submission at **1:00pm on Wednesday**, **26 October**. Register here.

General feedback on the Submission can be emailed to waste@walga.asn.au

Background

WALGA appreciates the opportunity to provide feedback on the Department of Water and Environmental Regulation (DWER) *Environmental Regulation Reform: A Strategic Review of Regulatory Delivery and Fees for Industry Regulation* <u>Discussion Paper</u>. This Discussion Paper is the first step in progressing significant regulatory reforms, following the passing of the *Environmental Protection Amendment Act 2020* (EP Amendment Act) in November 2020.

Key Issues from the Discussion Paper

The Discussion Paper is a high-level document which focuses on seeking feedback on the key reform concepts and approaches to regulation of licensed activities and the associated fee structure. Whole of Government reforms (<u>Streamline WA</u> and <u>Digital Strategy for WA</u>) provide a broader context for some of the proposals which are included.

The key concepts from the Discussion Paper include:

- Taking a risk-based approach to the degree of regulatory oversight: high risk activities would be licensed, low risk activities would be regulated in another way. For example a small non-metropolitan landfill would be regulated using industry specific regulations, which could be an update of the current *Environmental Protection (Rural Landfill) Regulations 2002*.
- Consolidating the categories under Schedule 1 of the *Environmental Protection Regulations 1987* from the current 93 to 6:
 - Energy and combustion activities
 - Intensive livestock keeping, animal and plant product processing
 - Manufacturing activities
 - Mineral production and processing
 - Resource recovery, waste treatment and disposal
 - Transport and maritime services.
- Consistent regulation by the most appropriate agency: This would mean a
 consistent application process and remove the need for multiple licences for the
 same activity. This may have implications for Local Government in relation to the
 re-use of waste water, which is potentially regulated by DWER and Department of
 Health.
- Expansion of some areas of the Environmental Protection Act 1986 (EP Act)
 Regulations: Some suggested areas for expansion include the addition of intensive
 animal industries and greenhouse gas emissions. Local Governments, particularly

in the peri-urban may benefit from greater regulation of intensive animal industries. The scope and implications of including greenhouse gas emissions needs more consideration.

- Excluding approved Waste Derived Materials applied to land from Schedule 1
 of the EP Act Regulations: This is in line with, and necessary for, the development
 of the Waste Derived Materials Framework that the Department has previously
 consulted on. This change would allow for the use of material such as Food Organics
 and Garden Organics (FOGO) derived compost and recycled Construction and
 Demolition (C&D) materials.
- Review of the fee structure: The Discussion Paper outlined four (4) options for a
 fee structure, all based on some degree of cost recovery. Further feedback from
 Local Government is required on the current fee structure for WALGA to provide
 feedback on the proposals. Modelling the implications of the different approaches
 is also essential before a preferred option can be selected.

Impact on Local Government

As a Service Provider

Local Government requires clear guidance and regulatory oversight to ensure that the facilities it operates, or activities it undertakes, will be in line with the regulations. Currently, the majority of Local Government sites are licensed (rather than regulated). Licensed sites, regardless of size, currently have a range of reporting and regulatory requirements. The reforms proposed have the potential to reduce the reporting and regulatory burden on the sector if facilities no longer require a licence and are instead regulated using different regulatory instruments. Table 2 provides some examples, based on current licensing of Local Government activities, of what the regulatory framework could look like.

The Waste Avoidance and Resource Recovery Act 2007, allows for Local Government to contract out waste management activities. Local Government may outsource these activities for a range of reasons. In some circumstances Local Governments contract out the running of premises, for example, a landfill or transfer station is contracted to a private company to operate. In other circumstances, Local Governments may contract out a service entirely – with a private company collecting, processing and disposing of waste. In considering the reforms, Local Government also needs to be cognisant of the impact of these reforms on any services that are currently contracted out.

Figure 1 illustrates the composition of the 150 licences that Local Governments and Regional Councils currently hold under Schedule 1 of the EP Act Regulations. The majority of facilities are solid waste management related (89%), with the other categories being Sewage Facilities (5%), Liquid waste facilities (5%) and Livestock sale yards (1%).

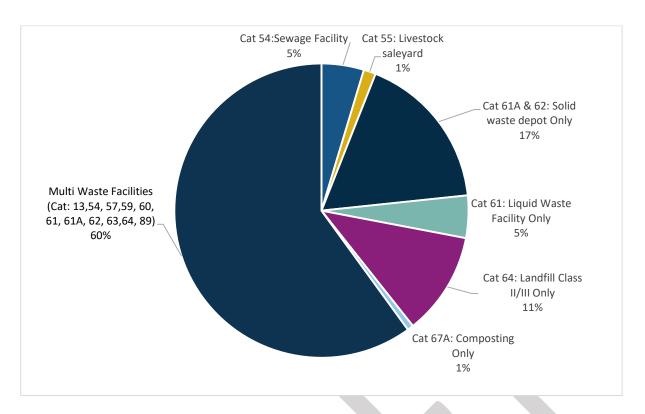


Figure 1: Local Government and Regional Council facilities currently licenced, under Schedule 1 of the EP Act Regulations.

As a Regulator

Local Government has responsibilities under the *Public Health Act 2016* (Public Health Act), with Local Government Environmental Health Officers (EHOs) playing a key role in administering the Public Health Act and Regulations. WALGA's <u>Submission</u> to the Department of Health on the management of public health risks offensive trades in WA identified:

The existing Offensive Trades provisions were developed to capture situations prior to the current planning and environmental controls that are in place. Planning legislation has advanced so that it can potentially capture and restrict development when required in relation to offensive trades. It also seems more appropriate now for large-scale activities to be captured under the Department of Water and Environment Regulation (DWER) licensing legislation, as they are likely to have more significant environmental impacts than public health impacts.

The new Public Health Act 2016 creates a General Public Health Duty, and this is likely to be sufficient in situations where a public health risk is identified. The main problem with these activities are more likely to be an amenity or nuisance problem (eg: noise, dust, light or smell) rather than a specific health issue. It should be noted that if any complaints are received in relation to these activities, they will be investigated by Local Governments regardless of whether it was classified as an Offensive Trade premises or not.

For Local Government as a regulator then, clear guidance on how facilities should be operating the required outcome is essential.

Feedback requested: What regulatory engagement does your Local Government have with facilities currently regulated under Schedule 1 of the EP Act Regulations?

The Discussion Paper identifies a range of potential regulatory instruments which could be used to regulate activities, commensurate to the facility risks. These include:

- Licences: continue to be used for high-risk facilities.
- Standardised Licences, including standard risk assessments: used for activities that have well characterised risks associated with emissions and discharges.
- General Emissions Regulations The General Emissions Regulations would prescribe certain activities or classes of activities and require preparation of an environmental management plan (EMP) before the activity can be carried out. Periodic reporting to ensure adherence to the EMP may be required.
- Industry Specific Regulations can regulate operation and activities that are capable of causing pollution or environmental harm require the use of certain approaches/equipment. For example, *Environmental Protection (Rural Landfill) Regulations 2002.*
- Standard Prescribed Conditions Regulations could be used to prescribe Better Practice Standards and approaches for a range of facility types.
- Environmental Performance Objectives (EPOs) more focused on emissions and discharges and industry specific approaches. They would set the performance standard that must be achieved through the development of guidelines to drive industry adoption of EPOs.
- Better Practice Guidelines currently this is not strictly a regulatory tool, unless the Guidelines are embedded as a requirement in a licence (as the Asbestos Guidelines were for Construction & Demolition Facilities).

All of the regulatory options, aside from licencing, require the development of resources, either better practice, new/updated regulations or other types of guidelines. The Compost Better Practice Guidelines have been in one form or another, in progress since 2016.

To date the Department has not been able to calibrate a risk-based approach. WALGA and Local Government worked with Department in 2015-2017 to develop Environmental Standards for Small Rural Landfills. From the work on this, WALGA understands the challenges to finding and agreeing parameters in relation to environment risk.

 Table 2: Advantages and disadvantages of different regulatory approaches.

Regulator Approach	Advantages	Disadvantages
Licences	Known approach and structure	Inefficient for smaller scale and low risk activities Cost, application and reporting burden for proponent Currently inconsistent in application Significant administrative burden for the DWER
Standardised Licences and Risk Assessment	Clear process and application	Would require significant work to develop the risk assessment and input considerations, to ensure the risk assessment wasn't simply every risk possible.
General Emission Regulations	These would capture all the general information and requirements for licence activities under one set of regulations.	Each applicant would have to translate the guidance to meet their requirements.
Industry Specific Regulations	Known approach for some activities, e.g. small rural landfills. Current Regulations require review and updating. Works well for small scale/low risk activities	Requires high risk tolerance, as currently this approach has minimal compliance oversight.
Standard Prescribed Conditions Regulations	Potential to standardise approach across multiple categories of activity.	Assumes that there are standard and consistent approaches across activities and this could be impeded in the Regulations.
Environmental Performance Objectives	These would be an outcomes- based approach to site requirements.	It is not clear how this would interact with the other regulatory approaches.

 Table 3: Potential implications of reforms on existing Local Government facilities.

Facility/Activity Type	Current Regulatory Instrument	Potential Regulatory Instrument	WALGA Comment
Large Putrescible Landfill, or landfill where there are significant environmental risks	Licence	Licence	Regulatory approach unlikely to change. Subject to Better Practice Target in Waste Strategy.
Inert Landfill	Licence	Licence	Regulatory approach unlikely to change, unless low risk nature of operations can be demonstrated.
Medium sized landfill (> 4,000 tonnes per annum) in low-risk location	Licence	Licence	Subject to Better Practice Target in Waste Strategy.
Small landfill (<5,000 tonnes per annum) currently licenced	Licence	Regulation	Subject to Better Practice Target in Waste Strategy.
Small landfill (<5,000 tonnes per annum) currently regulated	Rural Landfill Regulation	Regulation	Subject to Better Practice Target in Waste Strategy.
Large Material Recovery Facility	Licence	Licence	Subject to Better Practice Target in Waste Strategy.
Small / medium Material Recovery Facility	Licence	Regulation	Subject to Better Practice Target in Waste Strategy.
Large Transfer Station	Licence	Licence	Subject to Better Practice Target in Waste Strategy.
Small / medium Transfer Station	Licence	Regulation	Subject to Better Practice Target in Waste Strategy.
Composting facility	Licence	Licence	Subject to Better Practice Target in Waste Strategy.
Small Sewage Treatment facility	Licence	Regulation	Reduced regulatory requirements.
Small waste water treatment facility	Licence	Regulation	Reduced regulatory requirements.
Cattle feedlot	Licence	Regulation	Reduced regulatory requirements.

Table 4: WALGA Responses to questions from the Discussion Paper.

DWER Overview

Vision: A regulatory framework for emissions and discharges is one whereby the level of regulatory intervention is proportionate to risk, and the way we regulate activities is fit for purpose, streamlined and effective. It is serviced by a spectrum of interventions from general regulations for those activities where risks are known and well understood, to case by-case assessment of impacts for larger or complex projects.

Guiding Principles:

- Consistent with the Objects and principles of the EP Act
- Align with DWER's regulatory principles
- Digitally focused
- Integrate better practice
- Support Streamline WA outcomes
- Customer focused
- Support ESG initiatives and outcomes.

DWER Question	WALGA Comment
Do you have any feedback on the outcomes being sought through our regulatory delivery review?	The vision articulated for the reforms in the Discussion Paper is supported .
Do you support the guiding principles proposed? Please include supporting comments to explain your response.	Support. These principles align with the legislation, broader Government policy and direction. Customer focus is an important consideration, current DWER guidance and approaches does not always assist Local Government to navigate regulatory requirements and/or processes. Having a customer focus would mean considering the needs of the customer in the development of documents and the approach of regulation.
Are there any additional or alternative principles that should guide our review?	Feedback requested from Local Government.

Please provide information on any aspects of our current regulatory approach that you support, and feel should be carried over into our future delivery model.	Feedback requested from Local Government.
Please provide information on any aspects of our current regulatory approach that you do not wish to see carried over into our future delivery model.	Feedback requested from Local Government. Regulatory: Limited ability to undertake strategic activities, leads to inconsistent information, duplication of effort and additional work for the Department and proponents • Inconsistent Approach: Local Government feedback from across the state indicates that some of the officers in the field appear to only have limited knowledge of waste related matters and there are inconsistent approaches because there is no overarching guidance for waste related activities.
	No Strategic Guidance: For example, the Waste Avoidance and Resource Recovery Strategy requires all sites to be operating to Better Practice Standards, currently these are not in place. What this points to is limited expertise / capacity / confidence within the Department to provide better practice approaches for the Local Government.
Proposal 2: The level of regulatory coactivity.	control and oversight will be adopted for activities regulated under Part V of the EP Act. Introl and oversight will be commensurate to the complexity and potential risk posed by an tions to prescribe approaches on an activity basis or set prescribed standards or conditions.
Please provide feedback on Proposals 1-3.	Proposal 1 – Support. This approach is taking a risk-based approach to regulation and aligns with the broader Streamline WA approach.

	Proposal 2 – Support.
	Additional considerations which would impact risk rating and consequent regulatory oversight – Waste Levy avoidance, industries impacted by the recyclable material export bans and the 'fit and proper person' test for those operating facilities.
	Proposal 3 – Conditional Support.
	A range of different approaches is suggested in the Discussion Paper, including standardised licences. Further detailed work would be required to understand the impact.
Do you support the proposed hierarchy and regulatory mechanisms?	The Association supports the hierarchy of control whereby activities that give rise to emissions and discharges are regulated by the most appropriate method, that is high risk and complex activities are licenced while lower risk, less complex activities are regulated.
In what circumstances would you support the development of Standard Licences packages?	Through the REFIRE process, the Department of has previously sought to standardise licences. This approach did not achieve its objectives. A standard licence package would have to be sufficiently variable to take into account the different risk profile of different operations and sites. For example, a transfer station operating in the metropolitan area will have different risks associated with it due to proximity of sensitive receptors (residents, commercial businesses) compared to a transfer station operating in a regional area.
Are there any activities (including their design, construction and operation) that you believe should be managed under regulations rather than licencing?	Feedback requested from Local Government. This would depend on the risk of the facility operations and if a standard approach could be taken.
Are there circumstances in which you consider Standardised Prescribed Conditions Regulations may be an appropriate lever for regulation?	Feedback requested from Local Government. This would be supported for small, low risk, similar activities. For example through a review of the current Rural Landfills Regulations.
Are there any activities currently regulated under the EP Act (licence or regulations) that you consider able to be	Feedback requested from Local Government.

adequately regulated under the General Offence Provisions?			
Proposal 4: Environmental Performa	nce Objectives will be adopted.		
Proposal 5: Driving Environmental P	erformance Objectives adoption through development of appropriate guidelines.		
Please provide your feedback on Proposals 4 and 5.	Proposal 4 and 5 – Conditional Support. Further detailed work would be required to understand how this would be expressed and how this		
Do you support the introduction of generic and industry-specific EPOs?	would work with the other regulatory instruments proposed.		
generic and industry-specific EPOs?	As with the other types of guidance document mentioned, there is considerable work in the development of these documents.		
Do you support the adoption of EPOs and the application of better practice for activities regulated under Part V Division 3?	For waste management facilities the Better Practice requirement is included as a Waste Strategy Target.		
Proposal 6: Activities are regulated by	by the most appropriate agency.		
Proposal 7: Support common applica	ation and supporting information across regulatory agencies.		
Please provide your feedback on	Proposal 6 – Support.		
Proposals 6 and 7.	Proposal 7 – Support.		
	Reduce duplication of licencing requirement. Additional considerations, ensuring that waste minimisation considerations are included with the same emphasis if regulated by an agency other than DWER.		
Proposal 8: Activities not currently subject to direct regulatory control under the EP Act will be subject to control where the risk warrants.			
Activities include battery technologies/manufacturing, changes and growth in intensive animal industries and greenhouse gas emissions from prescribed premises.			

Please provide your feedback on Proposal 8.

Please provide details of any additional existing, new or emerging activities that may warrant inclusion in a new Schedule 1 in the future. What risks do you believe these activities present?

Proposal 8 – Conditional Support.

The Association agrees that the activities mentioned warrant regulation particularly where there is potential for damaging emissions to the environment. Further work is required however to determine how these industries and emissions types would be regulated. For greenhouse gas emissions it is important to consider other regulatory requirements which already exist and avoid duplication of regulation.

Proposal 9: The use of approved waste-derived products will be removed from the scope of Schedule 1.

Please provide your feedback on Proposal 9. The proposal would result in an approval process for wastederived materials.

Proposal 9 – Support.

The Department released an issues paper in June 2019 <u>Waste not, want not: Valuing waste as a resource</u>, which sought comments on the preferred legislative framework for WA.

A <u>discussion paper</u> followed in September – Dec 2020 which builds on the issues paper released in June 2019 and was the next step in developing the framework. A <u>Consultation Summary Report</u> was published in February 2020. The Association provided submissions on all papers and is of the view that a streamlined approval process for waste derived materials – a process which does not require an application to be lodged with the Department for every use of material and that is supported by clear guidance documentation developed in consultation with industry.

Industry Guidance

Are there any policy, process or guidance documents required to support the implementation of the EP Act amendments?

Feedback requested from Local Government, in particular what are the priority areas.

To be successful any guidance documents need to be fit for purpose, developed by staff that have an appropriate level of skill and experience and released in a timely manner with sufficient engagement.

Guidance documents required by the industry include:

- Transfer stations
- Rural landfills
- Composting
- Waste Water Reuse

Review of Fees

Do you support the proposed Part V Fee Model design principles?

Are there any additional or alternative design principles that should guide our Part V Fee Model?

The objectives for the fee structure need to be clearly articulated, currently there are 9 principles identified.

WALGA agrees with the user-pays principle and considers cost recovery may be appropriate in an efficient system where there is a private benefit accruing to, in this case, the applicant for a permit or licence.

However, WALGA argues strongly that the activities undertaken by Local Governments for which approvals, permits or licences are required are almost entirely for public benefit, are often non-discretionary (e.g. landfills, transfer stations), cost the community money and that these benefits often extend beyond their local communities.

Compounding this issue is the inability for most Local Governments to absorb additional costs without raising rates. This means a reduction in funds available to spend elsewhere or ratepayers paying more.

Fee Proposal 1: Fee model similar to current approach.

Please provide your feedback on Fee Proposal 1?

Feedback requested from Local Government.

An annual licence fee consists of a premises fee, a waste fee and an emissions fee. For controlled works the capital value of the controlled works determines the fee and for amendments fees are determined by the highest value premises category. Under the EP Regulations, the annual licence fee is the sum of the Premises component and the larger of the waste and discharge component. The Department implemented changes to Industry Regulation Fees on 1 July 2022. The Department considered and applied the following key principles when reviewing its licensing fees regime:

- Achieve cost recovery: The projected revenue from the July 2022 fee increase will provide for a recovery rate of 100 per cent.
- Avoid cross-subsidisation: The proposed increases in unit price address the current discrepancy in fees between licences, works approvals and amendments to licences and works approvals. The difference in fee increases for Part 1 fees compared with Part 2 and 3 fees reflects the greater complexity in working with premises that attract a Part 2 or 3 fee.

	 Minimise change: Recognising that a comprehensive reform of Industry Regulation fees is being undertaken to support the upcoming implementation of the Stage 3 amendments to the EP Act, any interim change to fees should be minimised. The fee increase will ensure that DWER has sufficient resources to administer the Part V Division 3 licensing regime effectively. 	
Fee Proposal 2: Pure cost recovery n	nodel – the relevant fee represents the cost of the work effort to deliver the service.	
Please provide your feedback on Fee	Feedback requested from Local Government.	
Proposal 2?	Any cost recovery must be predicated on an effective and efficient regulatory process.	
Fee Proposal 3: Cost recovery/'pollut	ter pays' hybrid model.	
Please provide your feedback on Fee	Feedback requested from Local Government.	
Proposal 3.	To some extent this is already imbedded in the current approach – with fees associated with emissions and waste generation.	
	Currently all waste generated or landfilled in the metropolitan area is subject to the Waste Levy. WALGA has provided commentary on the use of the Levy as an economic instrument for change in a range of previous submissions. This approach is most successful where there is a direct link between the person/organisation producing the waste and paying the Levy, and the person/organisation has the means to legitimately reduce their waste generation. Putting a price on pollution in no way guarantees a reduction in pollution, it may be passed onto the consumer.	
Fee proposal 4: Cost recovery model	- deferring assessment costs.	
Please provide feedback on Fee Proposal 4.	There are concerns with this approach, as it is complex and may be problematic if the company undertaking the activity goes into liquidation/receivership.	
Implementing Change: A consultative	e approach to developing a new future.	
Have we identified the right approach to develop our new framework?	As the Department identified in the WALGA Environmental Regulation Reform Briefing Session, further engagement is needed to work through the various regulatory scenarios (mixture of approaches), the implications for currently licenced premises and for future licenced activities (including those not currently actively regulated).	

Do you have any feedback on our new approach to regulation under Part V of the EP Act?

Can we improve our engagement or refine it to achieve better outcomes?

