



Discussion Paper – Landfill Levy

Introduction

In June 2008 the Waste Authority advised stakeholders, in an open letter, that they were undertaking a review of two elements of the Landfill Levy. The two aspects under review by the Authority are:

- Non-Metropolitan Levy – Inclusion or not, and in what form of inclusion, of large non-metropolitan regions into the landfill regime; and
- Differential Levy – Appropriateness or not of establishing differential levies for landfills under Category 63.

Non-Metropolitan Application

The Waste Authority, at its May 2008 meeting, made the decision to consult on the potential for incorporation (and under what conditions) of major Regional Centres into the Levy determinations. The Waste Authority indicated that the Regional Centres of Albany, Bunbury, Geraldton/Greenough, Kalgoorlie and Port Hedland, would be canvassed to ascertain views of stakeholders on the application of the Levy to their areas. The Authority resolved at its August 2008 meeting to postpone holding discussions and discussion forums on the issue of extending the landfill levy beyond the metropolitan area due to current incapacity to deliver. It is anticipated that Non-Metropolitan forums on this issue will occur at a future time.

Category 63 – Differential Levy

The Waste Authority also decided to review the management and levy rates for Category 63 landfills. The levy at Category 63 sites was expected to rise to \$5 per cubic metre in 2008/9, \$7 in 2009/10 and \$9 in 2010/11 (based on the Landfill Levy Regulations). The Waste Authority has instead frozen the levy at \$3 per cubic metre pending the outcome of discussions with stakeholders. The Authority will determine amendments to the existing WARR Levy Regulations by the end of 2008.

The Waste Authority has set aside 2 hours at the Waste and Recycle Conference on Tuesday 9th September 2008, to allow views from selected stakeholders to be heard, on how the Landfill Levy should be applied to Category 63 sites. This is a free session and interested parties can register by sending their name, organisation and contact details to leanne.reid@dec.wa.gov.au by no later than **COB 28th August 2008**. For more details visit http://www.zerowastewa.com.au/hot_topics/HT_levydis2008.php

WA Local Government Association – Policy Statement on the Waste Levy and Strategic Waste Funding

The WA Local Government Association Policy Statement on the Waste Levy and Strategic Waste Funding addresses the Levy as an existing mechanism. The Policy Statement outlines that the primary rationale for the Levy is that of providing secure funding for strategic activities in waste management. It allows that other rationales for application of the Levy would be considered, if clear evidence can be presented in its support.

Non-Metropolitan Application

Regarding the application of the levy to Non-Metropolitan areas, the Policy Statement outlines that Local Government will consider proposals for applying the Levy to landfills outside the metropolitan area on its merits. This consideration is predicated on:

- The proposal clearly identifying a detailed economic support program for both assisting in mitigating issues and costs arising from the extension of the Levy and for the improvement of infrastructure and other waste management services; and
- A clear rationale for the Levy extension. This would be expected to incorporate an assessment of the expected economic, social and environmental outcomes of extending the Levy.

The Policy Statement also indicates that an in-depth consultation with Local Government would also be expected to precede any Levy extension being considered.

Category 63 – Differential Levy

The Policy Statement does not specifically discuss the application of a differential levy to Category 63 landfills.

1. Application of the Levy to Non-Metropolitan Regional Centres

A clear rationale for the Levy application to Non-Metropolitan Regional Centres is essential for assessing whether such a move would be appropriate. To date no rationale has been presented to justify any extension of the Levy to the Non-Metropolitan area.

Key Issue: Without clear rationale, local government does not support the extension of the Levy to non-metropolitan areas.

As stated, without a clear rationale it is difficult to assess why the Levy should be applied to non-metropolitan areas. If sufficient rationale were provided, considerations when discussing levy application should include:

- The rate applied (e.g. same or different rate as in the metropolitan area);

- Where funds generated are spent (e.g. a large proportion distributed back to the regions)

Within the metropolitan area, Local Governments accept and recycle all manner of materials in a different fashion in the non-metropolitan area. In order to apply and administer the Levy, Local Government in the non-metropolitan area are currently unequipped. To apply the levy Regional Councils would need:

- Infrastructure upgrades (eg: weighbridges);
- Increased administrative capacity; and
- Appropriate data retrieval software.

Key Issue: High cost of Levy implementation for limited return.

Potential Disincentive to Regionalisation

The WA Local Government Association (through the Systemic Sustainability Strategy) and State and Local Government through the Zero Waste Plan Development Scheme have been focusing on regional service delivery. Introduction of the Levy to the non-metropolitan area could become a disincentive for Local Governments to form working partnerships. Regional Centres, such as Geraldton, operate a landfill site which is used by the surrounding local governments. This has facilitated the move away from numerous small unmanned landfill sites. In many areas, local governments are exploring use of transfer stations to move waste back into larger centres. Cost increases could potentially lead to the reversal of this process, where it is cheaper for local governments to have small local landfill sites for refuse disposal.

Key Issue: Application of the Landfill Levy to non-metropolitan areas could prove a disincentive to regionalisation.

2. Category 63 – Differential Levy

The Authority has indicated the Levy has been frozen at \$3/cubic meter while consultation occurs. From the Waste Authority minutes May 2008, what is being considered is “the viability of a differential levy between clean materials used to fill and reclaim land, versus inert [Category 63] landfill” (Waste Authority, 2008) No clear rationale or purpose has been provided for this type of Differential Levy to apply to cleanfill material (included in Category 63 landfills).

Key Issue: There is a lack of justification for the proposed differentiation levy.

The Levy is currently not applied to clean sand material removed from excavation sites on the proviso that it is re-used as clean soil and not sent to landfill. Implementing a differential levy on clean soil could assist in eliminating sand from landfill, except where required for day cover operations. This material is currently and should continue to be a valued resource.

Local Government as innovators and market leaders have been using inert material diverted from landfill in their activities (such as road construction) and are potentially a major market for this material. In order to continue and guarantee the use of this material, viable and stable markets are needed. In order for these industries to continue to develop and expand, market participants need some regulatory stability. For example a consistent approach regarding the Levy. It is likely that regulatory instability or inconsistency will affect not just the C&D recycling industry, but the recycling industry generally.

Key Issue: For Local Government to continue to use C&D materials in their processes, viable and stable markets are needed.

Construction and Demolition (C&D) recycling is a growing industry with many recyclers equipping themselves further to ensure more of this material is diverted from landfill. C&D recycling is potentially easier than putrescible or hazardous waste recycling, due to the inert nature of the material and consequent limited on site and/or direct health or environmental concerns.

The Association identified, in a Submission to the Waste Management Board on *Resourcing the Zero Waste Vision (Feb 2006)*, that “not all waste generators will demonstrate the same elasticity of demand for landfill. For some materials there is more elasticity of demand, meaning that a rise in price will directly affect the use of landfill. The submission also identifies that “municipal waste generation is relatively insensitive to price increases, whereas waste generation in the Commercial and Industrial and Construction and Demolition sectors can be expected to be more sensitive to price increases”. The case for increasing the landfill levy for C&D material was made clear in the 2007, Waste Management Board Report by Four Scenes (2007, pg 10-11) which states “inert wastes demonstrate a more elastic demand response to landfill prices”.

Key Issue: Increasing the Levy on inert waste would encourage greater resource recovery and re-use by industry.

Conclusion

The potential introduction of a levy to Non-Metropolitan Regional Centres leaves opportunity for further discussion regarding:

- Need for clear rationale for any Levy extension;
- Conditions under which Local Government would support application of the Levy to Non-Metropolitan areas; and
- Distribution of funds back to Non-Metropolitan Regional Centres.

Large Regional Councils equipped with infrastructure and resources to charge a fee, could accommodate the introduction of a Levy, however economies of scale

and supply consistency are of importance to these Regional Centres, when justifying an increase in fees and charges.

The potential introduction of a differential levy for Category 63 Landfills materials is likely to decrease the viability of the current C&D Recycling industry, which will directly impact on local governments who either purchase/reprocess C&D or make use of the services of the industry. Regulatory instability and uncertainty affect investment in recycling generally. Without clear and consistent direction from the Waste Authority / State Government, industry is likely to be reluctant to invest in recycling infrastructure.

WALGA view the opportunity to meet with the Authority and discuss various issues regarding the Levy as a positive step in a comprehensive consultation process.

References

Four Scenes (2007) *Landfill Levy Review* Available from <http://www.wastenet.net.au/issues/Legislation/landfilllevy>

MWAC (2006) Submission on *Resourcing the Zero Waste Vision* Available from <http://www.wastenet.net.au/issues/Legislation/landfilllevy>

WALGA (2008) Policy Statement on *Waste Levy and Strategic Waste Funding* Available from <http://www.wastenet.net.au/issues/Legislation/landfilllevy>

Waste Authority (2008) Waste Authority Minutes 22 May 2008 Available from <http://www.zerowastewa.com.au/index.php>