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DEVELOPING CRITERIA TO ASSESS AND COMPARE POTENTIAL ALTERNATIVE GOVERNANCE AND FUNDING MODELS FOR PERTH AND PEEL

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Four main elements of the *Waste and Recycling Plan for the Perth metropolitan and Peel regions*:

1. Planning and Approvals
2. Facilities and Sites
3. Technology
4. Governance and Funding

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Waste Management Governance and Funding Models

Provide information and recommendations on:

- The settings that influence waste management in the Perth metropolitan and Peel regions;
- Potential changes to current governance and funding arrangements that may be needed to the meet the infrastructure needs of the regions and contribute towards achieving the Waste Strategy targets.

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Flow of Waste in the Perth metropolitan and Peel regions: Municipal Solid Waste (MSW)

- **Mixed solid waste** (green/black bins) - sent to putrescible landfill or Resource Recovery Facilities for processing into compost/energy
- **Mixed dry recyclables** (yellow lid bins) – sorted at Material Recovery Facilities and sold to recyclers
- **Green waste** (verge) – usually goes to composting or mulching operation
- **Other materials** like e-waste or household hazardous waste mostly collected at drop-off facilities then recycled/disposed

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Flow of Waste in the Perth metropolitan and Peel regions: Commercial and Industrial (C&I)

- **Mixed solid waste** - mostly sent to putrescible landfill
- **Mixed dry recyclables** – sorted at Material Recovery Facilities and sold to recyclers
- **Food waste collections** – may go to composting but most currently goes to putrescible landfill
- **Green waste** – may be shredded for mulch or compost
- **Other materials** - like e-waste may be collected by specialist recyclers

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Flow of Waste in the Perth metropolitan and Peel regions: Construction and Demolition(C&D)

- **Mixed waste** – may be sent to transfer stations where some sorting may occur allowing some recycling or separation into inert and putrescible streams
- **Wastes collected for recycling** – usually processed into a sand substitute or aggregate that can be used for fill, drainage or road base
- **Scrap metal** – if collected may be processed (shredded and baled) through scrap metal businesses

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Current ownership arrangements:

- **Putrescible landfills** – mainly Local Gov't
- **Inert landfills** – mainly private
- **Transfer stations** – mix of Local Gov't / private
- **Drop-off facilities** – Local Government
- **MRFs** – mainly private with some Local Gov't
- **AWT** – generally owned by Local Gov't and operated by private (SMRC,DiCom exceptions)
- **Recycling facilities** (metal, glass, paper etc) owned and operated privately
- **C&D recycling facilities** – privately owned

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Current governance:

Three types of entities:

- **Producers** (households, businesses, government)
- **Processors** (collection, sorting, treating, landfilling)
- **Regulators** (DEC – EP Act and WARR Act, Local Gov't – local laws)

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Processors:

Collection:

- MSW – collected by Local Gov't or contracted out to private company using 'monopoly'
- C&I and C&D – mostly collected by private waste companies on competitive basis

Treatment

- MSW – mixed waste mostly owned/operated by Local Gov't, recycling involves more private
- C&I – collectors usually decide where treatment occurs, over half is landfilled
- C&D – almost all owned/operated by private entities

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Regulators:

- **Waste Authority and DEC** - WARR and WARR Levy Acts provide for local government waste services and local laws, a Waste Authority, the WARR Account, regulations on waste, the Waste Strategy
- **DEC** –EP Act part V licensing of premises
- **Local Government** - Local Laws provide for Local Government charging and compliance provisions for services and receptacles

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Comments on current situation:

- Disparate arrangements for collection, ownership and processing exist with ‘point in time’ ownership common.
- Historical reasons for current arrangements
- Arrangements now impediment to achieving economies of scale required for treatment (100,000 to ~400,000 tonnes per annum)
- More smaller volume streams means more coordination to achieve economies of scale
- Greater flexibility in changing sources to facilities needed to achieve best efficiency

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Potential governance options:

- Existing arrangements remain
- Single commercial processor with legislated monopoly
- Local Government cooperative
- State Government authority
- Statutory authority to manage waste flow

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Further work on governance options:

- SWIPWG will engage consultants to advise on the suitability of a short list of governance options they have developed
- Consultants will also be asked to come up with other options that may score well against the assessment criteria
- This information will form the basis of the recommendations to the Waste Authority on potential governance models
- The Waste Authority will reference the SWIPWG advice in making its recommendations to the Minister for Environment

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Criteria for determining suitability of governance models:

- Alignment with State Government policy priorities
- Financial impact on Government
- Ability to improve efficiency of waste management
- Ability to facilitate better planning for waste management
- ACCC/Trade Practices Considerations
- Ease of implementation

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Funding changes in waste management:

Changes to the current arrangements are likely to result in increased costs for new infrastructure and for changes to the regulatory/policy environment

Two basic options

- 1) user pays with costs passed to users of waste services
- 2) costs met from another grouping collected through a new general or new specific tax

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User pays:

- Provides for economic efficiency by exposing users to the costs of their actions and encouraging waste reduction
- Provides for equity as producers of waste pay for costs associated with their requirements
- Mechanisms to recover costs exist – e.g. rates and gate fees
- Ability to incorporate externalities –costs can be incorporated into existing pricing mechanisms
- Two forms – **Fees** that apply directly to service costs and **Levies** that average the cost over a user group

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Government revenue:

- Provides mechanism to apply cost effective cost recovery particularly where ‘public goods’ are enjoyed by users who are not able to be charged
- Avoid high costs on those less able to bear them
- Avoid cost recovery distorting decision making – e.g. high landfill costs leading to increased dumping

Three options:

- 1) Payment from consolidated revenue
- 2) Hypothecation of an existing tax
- 3) Introduction of a new tax

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Seeking input today:

Comments/feedback on:

- Any additional governance models and their characteristics?
- Suitable models for managing the flow of C&I and C&D waste?
- Any assessment criteria that need to be added, amended or removed?
- Any additional options for funding changes to waste infrastructure and services?

Can email comments/feedback to:

SWIPWG@dec.wa.gov.au

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