DEVELOPING CRITERIA TO ASSES 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
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 meet the infrastructure needs of the regions and contribute towards achieving the Waste Strategy targets.
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
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
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
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
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)
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
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
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
Potential governance options:

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

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