

## EMRC Response to the Discussion Paper related to the review of the *WARR Act 2007*



**Adopted by EMRC Council on 19 February 2015**

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## EXECUTIVE SUMMARY

The Eastern Metropolitan Regional Council (EMRC) welcomes the opportunity to comment on the Discussion Paper released by the Department of Environment Regulation (DER) to inform its statutory review of the *Waste Avoidance and Resource Recovery Act 2007* (WARR Act).

EMRC's submission is in two parts. Part One provides background information about the EMRC and details the benefits that its members have received as a result of their membership with the Regional Council. Part Two identifies a recommended model for future governance arrangements (refer Part Two, Diagram 1), in which Regional Councils will be consolidated into three Regional Councils and will continue to play a role in delivering waste management and other services.

EMRC's submission concludes that there is an opportunity to make some changes. The role of Regional Councils should be to continue to develop and deliver waste plans in alignment with state policy and waste plans. Regional Councils have achieved outstanding community outcomes and it would be remiss to try and change what is already working well. However there are opportunities available through the review of the WARR Act to put in place new structures, which will continue the legacy of excellent service delivery by Regional Councils.

In addition, further consideration should also be given to expanding the WARR Act review to include C&I and C&D waste streams, bringing about greater progress with Extended Producer Responsibility, the introduction of a Container Deposit Scheme and greater hypothecation of funds raised through the WARR Levy.

In response to the Discussion Paper EMRC recommends that:

1. The State Government NOT consider the creation of new "Statutory Waste Groups";
2. The management of Municipal Solid Waste be undertaken by Regional Local Government;
3. Regional Local Governments be consolidated down from five to three based on contiguous, geographical clusterings; and
4. It be compulsory for metropolitan local governments to be members of Regional Councils for waste management purposes.

Although not covered in the DER Discussion Paper, it is also recommended that:

5. Increases be made to the level of hypothecation of funds raised through the WARR Levy to facilitate strategic waste outcomes;
6. Review of the *WARR Act 2007* be expanded to address Commercial & Industrial and Construction & Demolition waste streams;
7. Extended Producer Responsibility initiatives be progressed; and
8. A Container Deposit Scheme be introduced.

## INTRODUCTION

Local governments have traditionally had responsibility for waste management within their local areas as laid down by the regulatory framework of each state. Over the past 30 years this function has been managed very successfully in metropolitan Perth by Regional Councils such as the Eastern Metropolitan Regional Council (EMRC).

With expertise in management and coordination of household waste, resource recovery and recycling services, managing and operating landfill sites, delivering education and awareness programs, and providing and maintaining waste management infrastructure, EMRC has proved to be an integral element of waste management services within Perth's Eastern Region.

EMRC has also facilitated the creation of a range of industries and businesses in waste management and resource recovery, and has worked with its member local Councils, and other stakeholders to deliver better waste and resource efficiency outcomes.

EMRC is committed to the long term planning for effective waste management, and welcomes the opportunity to comment on the Discussion Paper released by the Department of Environment Regulation (DER) to inform its statutory review of the *Waste Avoidance and Resource Recovery Act 2007* (WARR Act).

One of the key potential issues identified in the DER "Discussion Paper" relates to insecure membership affecting investment decisions. This is supported by the observation that "No new commitments (aside from those already commenced) to alternative waste treatment (AWT) facilities have been initiated by Regional Councils in the last five years." This demonstrates an apparent lack of understanding of the industry and commercial realities. The reason that no new facilities have been committed to is not because of membership issues, it is because alternative waste treatment facilities are a 20 - 30 year investment decision and as such, new facilities are not constructed every few years. Furthermore, EMRC has obtained environmental approval for an AWT plant at its Red Hill Waste Management Facility and currently has an environmental approval application before the EPA for a Wood Waste to Energy plant at its Hazelmere Resource Recovery Park. RRC has recently awarded a tender for its member councils' waste to be treated by Phoenix Energy's waste to energy facility at Kwinana. All other regional councils have existing AWT infrastructure in place. Nonetheless EMRC is supportive of compulsory local government membership of regional councils for waste management purposes.

## **PART ONE: BACKGROUND**

### **The Eastern Metropolitan Regional Council**

The Eastern Metropolitan Regional Council (EMRC) was initially established by its member Councils over thirty years ago to provide waste treatment and / or disposal services. It has survived the test of time and as a highly successful Regional Council, EMRC's governance model has been recognised and held up as best practice through a number of reports such as: *The Journey: Sustainability into the Future* (WALGA, 2008) and *Ensuring the Future Sustainability of Communities* (Department of Local Government, 2006).

With a core business of the provision of waste disposal services to its member Councils, the EMRC also provides waste services to the commercial sector. EMRC has a reputation for being innovative and has demonstrated leadership in waste management. For example, it was the first Regional Council to:

- construct and operate a Class IV disposal cell;
- offer Household Hazardous Waste management programmes;
- capture landfill gas to generate power;
- establish an industrial timber recycling facility; and
- establish a mattress recycling programme.

EMRC owns and operates the Red Hill Waste Management Facility and the Hazelmere Resource Recovery Park, and is planning for AWT infrastructure at both sites. EMRC also promotes resource recovery activities through programmes such as greenwaste recycling, and the collection of batteries, fluorescent lights and electronic waste for recycling.

### **Red Hill Waste Management Facility**

The Red Hill Waste Management Facility has a total area of 352 hectares and receives around 250-300,000 tonnes of waste pa. The facility generates 4 MW of electricity from landfill gas and significant quantities of greenwaste are composted to meet AS 4454 certification.

Currently, all non-recycled waste generated by member councils within Perth's Eastern Region is landfilled at the Red Hill Waste Management Facility. The Red Hill Waste Management Facility is licensed to receive Class I, II and III type wastes. EMRC has operated the only licensed Class IV disposal cell in Western Australia, accepting contaminated waste from various industries in accordance with the DER's Waste Classification Guidelines since 1997.

Red Hill also acts as a collection and storage area for dry recyclables and household hazardous waste received at the on-site transfer station. The facility has a 6,400L capacity 'multistore'

dangerous goods unit to store household hazardous waste (such as paint and pool chemicals). An on-site greenwaste processing facility includes open windrow composting and mulching of source separated greenwaste. Approximately 10,000 cubic metres of greenwaste is processed annually into mulch and soil conditioner and sold to various markets such as the recent Gateway WA project. EMRC obtained Australian Standard Certification for mulching and composting activities in October 2009, and maintains its certification through annual external audits. With an estimated 50 year life span (35 million cubic metres of airspace) Red Hill will be one of only two remaining metropolitan Perth landfill sites in the next decade.

### **Resource Recovery Facility**

The EMRC has obtained Ministerial approval for the development of a modern alternative waste treatment facility at the Red Hill Waste Management Facility to extend the life of the site, so that it can service the expanding population of Perth well into the future. This facility will treat in the order of 100,000 tonnes of municipal solid waste per year to divert waste from landfill, reduce greenhouse gas emissions and produce compost and / or renewable power.

The EMRC has investigated technology and siting options, waste collection arrangements, contract ownership models and conducted extensive community engagement around the proposed options. The overall timeline for the project is estimated at 3.5 years from 2015 with anticipated commissioning in 2019.

### **Hazelmere Resource Recovery Park**

EMRC's vision for the Hazelmere site is for a hub of resource recovery activities aimed at diverting significant waste from landfill and processing it into reusable products. The Hazelmere Resource Recovery Park is proposed to feature multiple components, including a:

- Woodwaste recycling facility
- Woodwaste to Energy Plant
- Greenwaste processing area
- Commercial and Industrial waste receivable and sorting area
- Materials Recovery Facility
- Household Hazardous Waste collection area
- Mattress processing operation
- Re-use shop
- Transfer station
- Waste education centre



The facility will be a first of its kind for Western Australia, an integrated resource recovery centre and model of sustainability. At a December 2014 project presentation to the Waste Authority, a member stated that “this is exactly what we are trying to achieve.”

The Hazelmere Wood Waste to Energy project is a partnership between Ansac, the University of Western Australia and the EMRC. Ansac were awarded \$5 million in Federal Government funding under the Clean Technology Innovation Fund for the project. Matching funding will be provided for construction from the EMRC and the federally funded equity in the plant reverts to EMRC on handover.

The environmental approval process is underway with the Environmental Protection Authority requiring a Public Environmental Review.

### **Environmental Management**

The EMRC places a high priority on environmental performance, which forms an important element in the planning and management of its activities. An environmental policy has been developed which, details the set of commitments, objectives and responsibilities designed to achieve desired environmental outcomes. To implement these objectives a comprehensive Environmental Management System has been developed, which is designed to produce continuous site improvement whilst minimising the risks of environmental impact. Some of the types of environmental work conducted include environmental monitoring, research (through partnerships with universities), ground water remediation, community engagement, site rehabilitation and contaminated waste management. The EMRC publicly reports its environmental performance in annual monitoring and compliance reports to the DER and annual compliance and monitoring reports to the OEPA.

### **Environmental Monitoring**

Environmental monitoring programmes at the Red Hill Waste Management Facility include extensive quarterly surface and ground water monitoring, landfill gas surveys, native fauna surveys, feral animal management programmes, field odour assessments (on-site and off-site at sensitive receptors), native seed collection, annual rehabilitation monitoring and aquatic fauna surveys surrounding natural surface water systems. Environmental monitoring programmes are also in place at the Hazelmere Recycling Centre and these include continuous ambient dust monitoring, ground water monitoring, and occupational exposure monitoring.

## **Alignment with National Waste Policy and WA Waste Strategy**

EMRC has collaborated with its member Councils and industry to establish a sustainable solution for waste. Investment into resource recovery projects<sup>1</sup> and a comprehensive waste education programme have been instrumental in the diversion of waste from landfill, and pivotal in assisting the current level of development of recycling options in Western Australia.

The outcome is a cost effective, comprehensive sustainable and efficient service meeting community aspirations. In addition, the diversion of valuable resources from landfill has reduced greenhouse gas and landfill emissions; increased the life of the Red Hill Waste Management Facility; and has reduced the demand for additional landfill sites in and around Perth.

This clearly demonstrates EMRC's support and alignment with the aims of the National Waste Policy to:

- avoid the generation of waste, reduce the amount of waste (including hazardous waste) for disposal;
- manage waste as a resource;
- ensure that waste treatment, disposal, recovery and re-use is undertaken in a safe, scientific and environmentally sound manner, and
- contribute to the reduction in greenhouse gas emissions, energy conservation and production, water efficiency and the productivity of the land.

EMRC's activities also demonstrate a strong alignment with the WA Waste Strategy, which has a focus on increasing the recovery of municipal solid waste by way of re-use, reprocessing, recycling and/or energy recovery within Western Australia.

## **EMRC's plans for the future**

### **Long Term Strategic Plan**

Over its extensive history, EMRC has invested in waste solutions for Perth's Eastern Region. It has developed, coordinated and implemented activities, which have achieved effective and efficient waste management outcomes. EMRC-2022 – 10 Year Strategic Plan is an overarching plan, focussed on sustainability to address the social, environmental, economic and governance issues relevant to Perth's Eastern Region. EMRC's integrated planning framework supports the delivery of long term strategic outcomes through the development and implementation of long term financial plans, asset management plans, high level strategic plans (e.g. Strategic Waste

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<sup>1</sup> These include the household hazardous waste programme, batteries collection programme, mattress recycling, timber recycling, e-waste management etc.

Management Plan, Regional Environmental Management Strategy, Regional Economic Development Strategy) and work force plans.

Additionally EMRC has put in place comprehensive long term plans for the future of waste management within the Region, and these include:

### **The Hazelmere Resource Recovery Park (Hazelmere RRP)**

With operational mattress and wood processing facilities already existing, a plan for the future development of the Hazelmere RRP is in place. It is envisaged that the completed RRP will accommodate a significant proportion of Perth's Eastern Region's future resource recovery requirements. The Hazelmere RRP is a staged development and has been based on site responsive land use planning and environmental design. The facilities planned on the site include a Wood Waste to Energy plant, C&I recycling and MRF.

The key principles underpinning the future development of the Hazelmere RRP are based on economic development opportunities, community access and participation and environmental sustainability.

### **Red Hill Development Plan**

EMRC has prepared a development plan for the Red Hill site that outlines planned capital works over the next 10 years based on the current and anticipated activities of the site. These works encompass extension of landfill disposal cells for Class I - IV wastes, transfer station operations, greenwaste processing, resource recovery/AWT operations and materials recovery. Several assumptions were taken when preparing the Red Hill Development Plan, which included landfill levy increases, population growth in Perth's Eastern Region, projected tonnages, changes in legislation regarding the treatment of waste, local government reform, operation of the Resource Recovery Facility, processing of C&I waste at the Hazelmere RRP, and operation of a MRF.

### **Resource Recovery Facility (RRF)**

EMRC is focussed on recovering more potential resources from the MSW stream to further reduce the amount of waste going to landfill. Plans to establish an RRF located at the Red Hill Waste Management Facility have progressed significantly. The RRF has received Ministerial approval and will assist in achieving EMRC's desired outcomes and resource recovery goals which include:

- Diverting waste from landfill;
- Reducing environmental impacts of landfilling (e.g. greenhouse gases);
- Generating renewable power;

- Developing marketable products such as compost;
- Increasing the recovery of valuable resources from waste; and
- Alignment with the Waste Authority's strategies and targets for MSW.

### **Market Development**

The range of materials that can potentially be recovered and reprocessed is diverse as is the range of products that can be produced and marketed. The EMRC currently sells a range of products into commercial markets from the Red Hill Waste Management Facility and Hazelmere Resource Recovery Park. As the EMRC works to develop new resource recovery activities and therefore, recycling services, the number of products developed for the market will also continue to expand. The aim is to:

- Maximise the awareness, understanding and value of recovered resources through community education programmes
- Firmly position the EMRC as a provider of high quality, valuable and sustainable products and resource recovery services
- Understand the market needs relating to the uptake of recovered products and incorporating these concepts into operations
- Increase sales of EMRC products proportionately and sustainably with increases in the volumes of materials sourced
- Maximise the cost effectiveness of products
- Identify market development opportunities through partnerships with the commercial sector.

### **Waste Education**

EMRC is dedicated to the implementation and coordination of a range of resource recovery community awareness and education programmes. EMRC's waste education programmes are delivered regionally which creates consistent messages and ultimately behaviour changes.

Through its Waste Education Strategy the EMRC aims to:

- Increase awareness of the region's waste management initiatives, in particular the Resource Recovery Project;
- Increase community involvement in the region's waste management initiatives and capacity to practise waste avoidance;
- Continue to develop sustainable regional partnerships for effective local and regional waste education and communications;
- To research and continually improve waste education programmes; and

- Provide advice and advocacy on waste-related issues.

### **Emergency Management Planning**

Sufficient planning to guarantee continued waste operations has also been put into place by EMRC. In the event of a natural disaster or the inability to accept waste (e.g. due to a total fire ban), EMRC has a reciprocal agreement with MRC to assist in the acceptance of waste. This demonstrates the depth of planning, cooperation and coordination that has been undertaken by Regional Councils to ensure that potential catastrophic effects will not affect the provision of this essential service.

## PART TWO: THE FUTURE OF WASTE MANAGEMENT

The key reforms suggested in the Discussion paper are:

- Creating statutory waste groups with compulsory local government membership
- Giving waste groups the authority to co-ordinate procurement of waste processing services to achieve least cost and maximise competition
- Implementing waste infrastructure planning that requires regional and local plans to align to a State waste plan.

### Statutory Waste Groups

The DER Discussion Paper states: *“there are opportunities to create statutory Waste Groups having regard to planning and service delivery to support efficient services. This may result in a reduced number of waste groups (there are currently five Regional Councils) in the Metropolitan area.”* The DER’s proposal does not provide a definition of statutory waste groups and it appears that these could either be the existing Regional Councils or newly created entities.

**The EMRC contends that there is no compelling reason to create new statutory waste groups when regional councils can meet and surpass any functionality expectations.**

The WA Government has noted that there are good models of Regional Councils, including the EMRC, who have made significant contributions on implementing government policies<sup>2</sup>. In addition, it has been noted that Regional Local Governments and organisations of councils provide economies of scale resulting in more effective waste management<sup>3</sup>.

Regional Councils have the experience and expertise in waste management and there is the opportunity, through the WARR Act review, to acknowledge that wide-scale social, environmental and economic benefits have been possible due to local governments being able to leverage off the economies of scale and synergies offered through their collaboration with Regional Local Governments.

### **The value of a Regional Council such as the EMRC**

EMRC has an advantage in that its members abut each other in a tight geographic cluster. This geographic grouping has enabled EMRC to provide services at a scale which is beneficial to a region containing a shared community of interest.

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<sup>2</sup> WA State Sustainability Strategy (2003)

<sup>3</sup> Metropolitan Local Government Review – Issues Paper, October 2011

EMRC's governance model has enabled member Councils to leverage off the economies of scale and synergies offered through their collaboration, providing for an improved financial position and degree of sustainability, and has been recognised and held up as best practice through a number of reports<sup>4</sup>.

EMRC is an example of how waste management functions have been delivered best at a regional scale. EMRC has been recognised and held up as best practice through a number of reports such as *"The Journey: Sustainability into the Future"* (WALGA, 2008) and *Ensuring the Future Sustainability of Communities* (Department of Local Government, 2006).

### **Consolidation of Regional Councils**

EMRC's previously stated position to the State Government<sup>5</sup> is that there is the opportunity and scope for **consolidation of the current five metropolitan Regional Local Governments down to three**. The groupings should be based on geographic clusters, similar to the EMRC's current membership regional boundary (refer Map 1). The benefit of this is that it represents a compact, contiguous region, which facilitates the successful provision of regional strategies and services, regional advocacy, regional partnerships and grant submissions and administration.

This option is also supported by the Forum of Regional Councils (FORC)<sup>6</sup> whose position is that

*"consolidating Metropolitan Regional Local Governments to manage MSW would provide a level of resilience and achieve economies of scale for treatment and disposal without compromising the already high service provided by local government".*

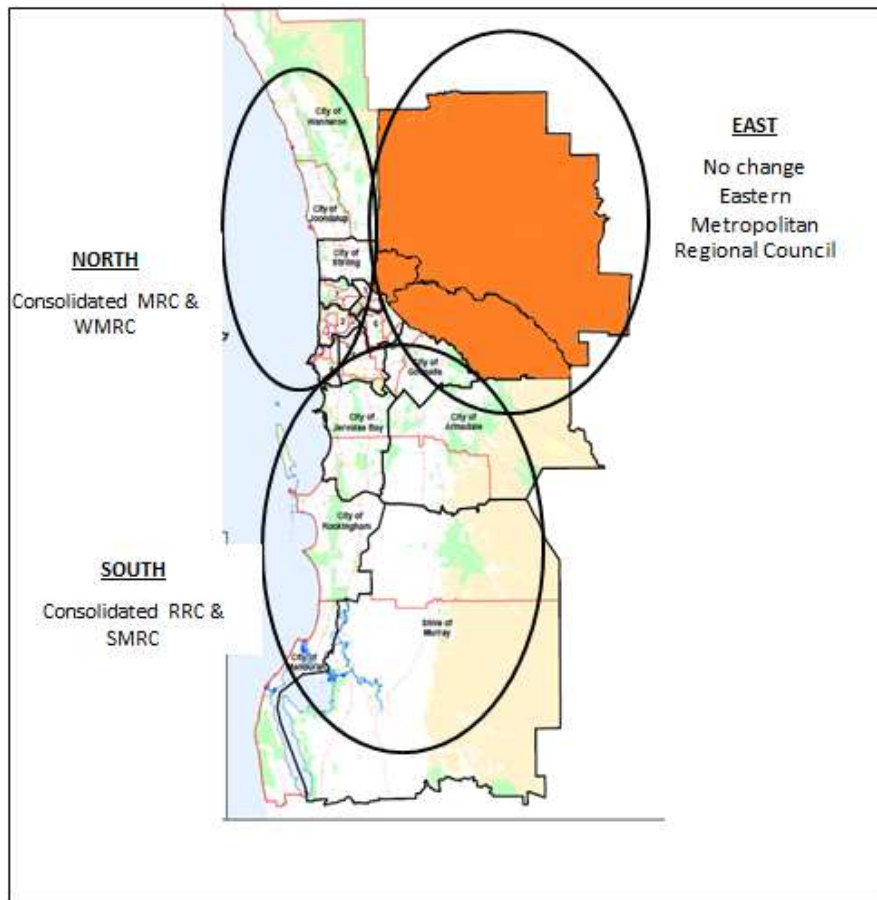
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<sup>4</sup> The Journey: Sustainability into the Future (WALGA, 2008) and Ensuring the Future Sustainability of Communities (Department of Local Government, 2006)

<sup>5</sup> EMRC Response to the Metropolitan Local Government Review Panel's Final Report, March 2013

<sup>6</sup> Submission on the Metropolitan Local Government Review Panel's Final Report (FORC, 2013)

The consolidation would result in MRC and WMRC forming into one Regional Council, RRC and SMRC forming into one Regional Council and EMRC remaining as is.



**Map 1: Three Metropolitan Regional Councils**

WALGA also holds a similar view and has stated that:

*“The suggested approach is to reduce the current five Regional Councils to three. These Regional Councils would be northern, southern and eastern areas. Three Regional Councils are suggested to:*

- *Ensure involvement of communities which have provided the significant investment in the development of AWTs*
- *Provide for synergies between collection and treatment*
- *Retain the considerable skills sets and experience in the area; and*

These Regional Councils have the advantage of over 30 years' experience and expertise in waste and, once consolidated, will also have the additional benefit of representing a compact, contiguous region, which will facilitate the successful provision of regional waste strategies, services and outcomes. The ability to engage with stakeholders for regional advocacy and regional partnerships would also continue.



### **Cost of dissolving Regional Councils**

The value of Regional Councils has been demonstrated, as has their ability to provide wide scale services resulting in sustainable community outcomes.

If the State Government were to decide to dissolve the existing Regional Local Governments a number of critical and challenging matters would need to be considered, which include:

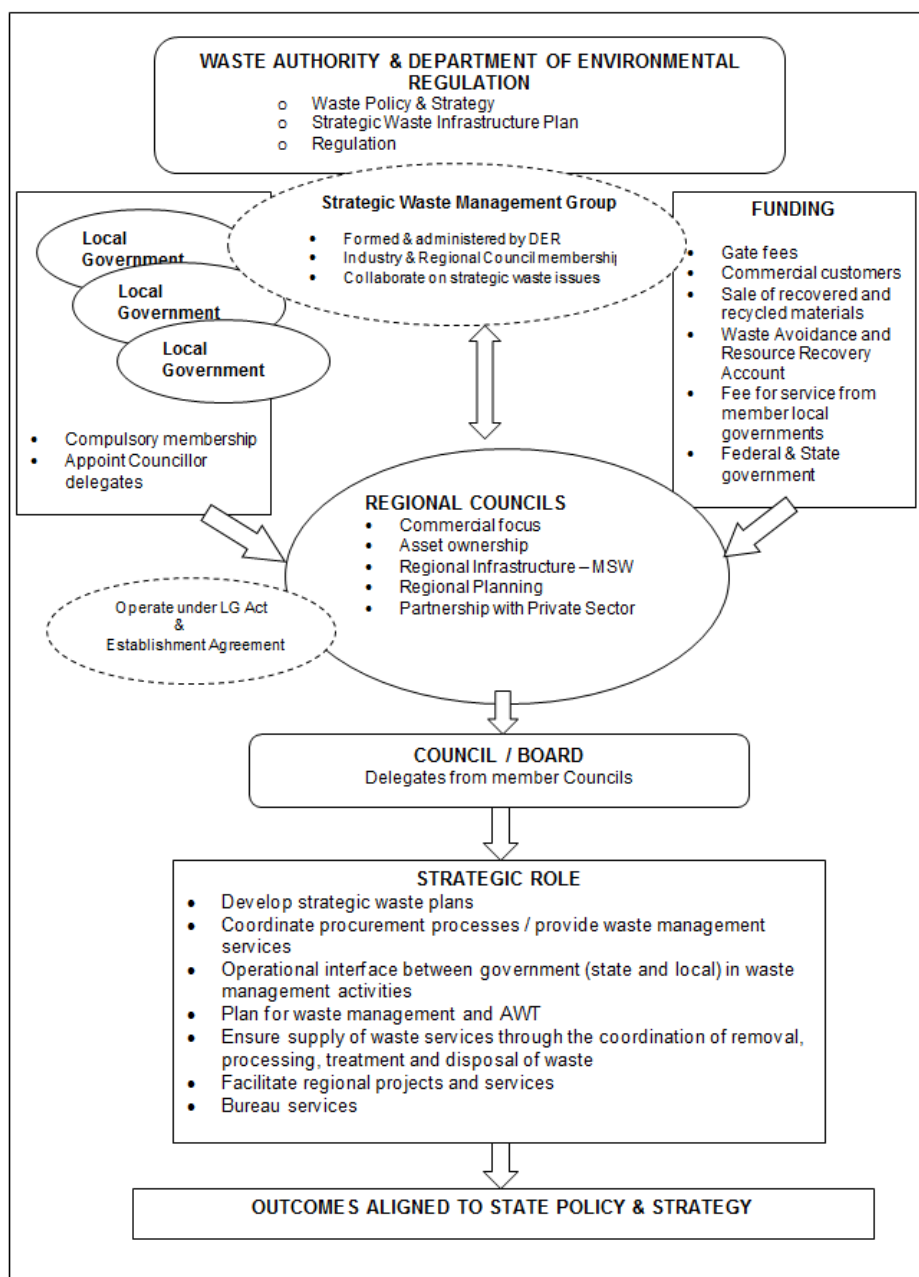
- The dissolution and winding up of Regional Local Governments has significant financial implications in relation to the division of assets and liabilities. For example local governments would need to be adequately reimbursed at a fair market value for all existing and committed waste infrastructure.
- Unwinding of existing contracts with the private sector.
- The challenge would be for the State Government to develop an appropriate valuation method to reimburse local governments for all existing waste infrastructure (landfill sites and alternative waste treatment facilities) owned by Regional Councils and individual local governments. In addition this would need to include the value of landfill airspace.
- All metropolitan Regional Councils have highly skilled and experienced employees with substantial experience in waste management. It is therefore considered essential that the employment of these highly skilled staff is protected. Each Regional Council would have terms and conditions and employee entitlements and benefits that are unique to each organisation, as well as applicable industrial instruments and arrangements including:
  - Local Government Industry Award 2010
  - Fair Work Act 2009
  - Local Government Act 1995 (Part 5, Division 4)
  - Contracts of Employment
- The consolidation of Regional Councils into three presents a lower risk than the creation of new ‘Statutory Waste Groups’. This approach is likely to ensure the ability to retain current employees with relevant skills, experience and knowledge within the industry. Furthermore it enables Regional Councils to position themselves as a desirable employer. A key consideration, under this option, is the ability to support and service current and future arrangements with the necessary skill sets and capabilities already available within the Regional Councils, who are operating in a highly competitive labour market.

Therefore the question to be asked is: how would the creation of new “*Statutory Waste Groups*” achieve anything that the existing regional councils are not already doing?

## An Alternative Model

The DER Discussion Paper has put forward a model for how the “statutory waste groups” would operate and EMRC proposes an Alternative Model – “Regional Council Governance Model” (refer Diagram 1) with key points as follows:

- Under the alternative model proposed by the EMRC the existing five Regional Councils would be consolidated into three.
- The Regional Councils would not be limited to only coordinating the procurement of waste processing (as proposed by the DER) but would also have the flexibility to provide waste services (similar to what EMRC currently provides to its member Councils).



**Diagram 1: Regional Councils: An Alternative Governance Model**

### **Compulsory local government membership**

As per the current legislative arrangements Regional Councils would be formed under the Local Government Act (LG Act) and operate in accordance with Establishment Agreements. As proposed by DER (and also supported by both FORC and WALGA) **compulsory local government membership of the Regional Council is recommended**, for the purposes of MSW management, treatment and disposal.

### **Funding and Governance**

Regional councils' funding would be through gate fees, commercial customers, member Councils, Waste Avoidance and Resource Recovery Account grants and other sources. The Regional Councils would be governed by a Council or Board. The Regional Council/Board's focus would be to deliver sustainable community outcomes. These would be achieved by putting in place strategic plans which are aligned to state policy outcomes.

The DER would coordinate a metropolitan wide approach to waste through the administration of a Strategic Waste Management Group. The group would include membership from representatives of DER, Regional Councils and the waste industry representatives. The group would be administered by DER, and its role would be to collaborate on strategic waste issues affecting metropolitan Perth.

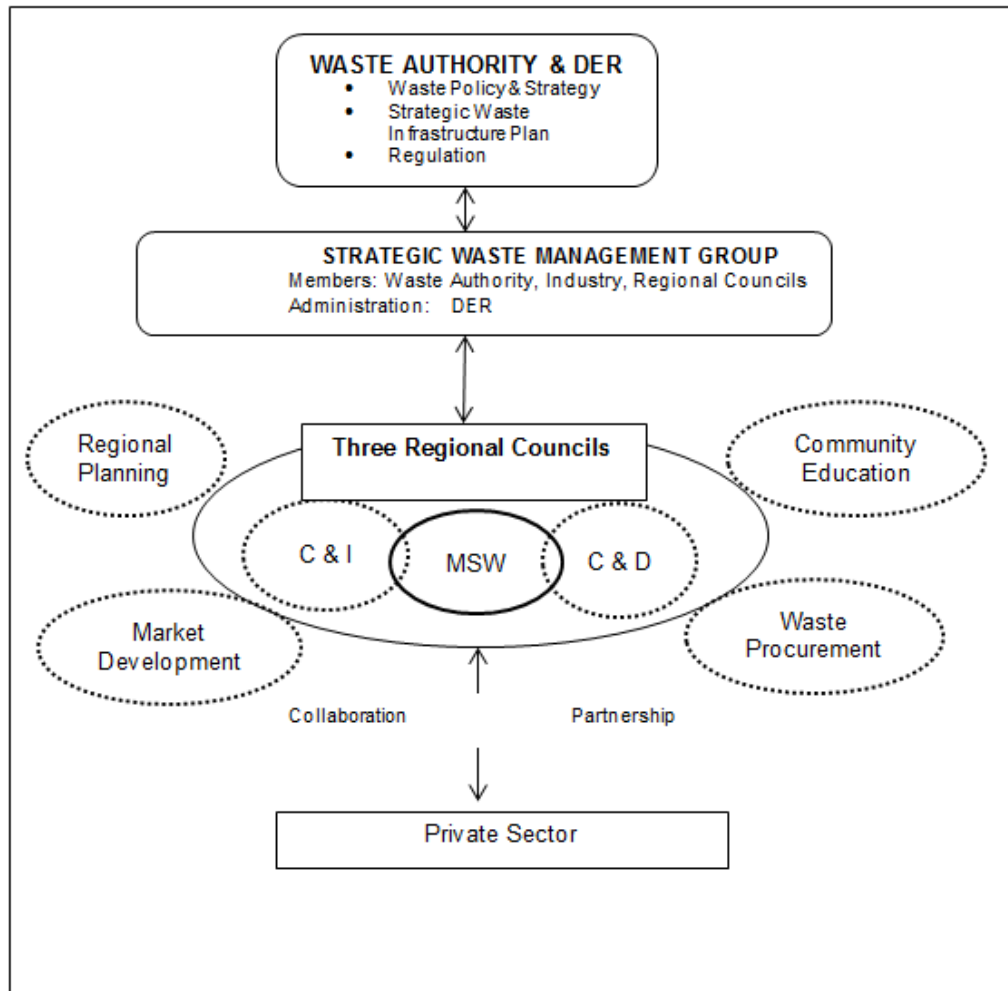
As shown in Diagram 1 the strategic role of the Regional Councils would be to:

- Develop strategic waste plans, aligned to state policy
- Coordinate procurement processes / provide waste management services
- Act as the operational interface between government (state and local) in waste management activities
- Plan for waste management and AWT
- Ensure supply of waste services through the coordination of removal, processing, treatment and disposal of waste
- Facilitate regional projects and services

### **Roles and Responsibilities**

The Waste Authority (refer Diagram 2) would be responsible for the preparation and adoption of policies under statutory processes set out in the WARR Act. This would provide clear direction for the Regional Councils, who would be required to develop Regional Delivery Plans, identifying the actions necessary to meet the requirements of the metropolitan wide statutory plans. The Regional Councils would give 'due regard' to the provisions of the policies when

making Regional Plans. These plans would be approved by the Waste Authority to ensure alignment of the Regional Plans with the metropolitan statutory waste management plan.



**Diagram 2: Regional Councils: Role and Responsibilities**

The role of Regional Councils would be to protect human health and environment by:<sup>7</sup>

*“promoting the most efficient use of resources, including resource recovery and waste avoidance; and*

*(b) reducing environmental harm, including pollution through waste; and*

*(c) the consideration of resource management options against the following hierarchy –*

*(i) avoidance of unnecessary resource consumption;*

*(ii) resource recovery (including reuse, reprocessing, recycling and energy recovery);*

*(iii) disposal”.*

Accordingly Regional Councils would:

- Develop Regional Plans that align with the State waste policy and strategy
- Participate in the Strategic Waste Management Group to develop strategies for responsible waste management
- Ensure community education results in behaviour change
- Develop and implement sustainable waste procurement
- Provide waste services where appropriate
- Create opportunities for competitive resource recovered markets
- Collaborate and partner with the private sector in creating sustainable waste management solutions

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<sup>7</sup> WAAR Act 2007

In brief, and as shown in Diagram 2 above the key roles and responsibilities of each body will be:

Entity	Responsibilities
Waste Authority	<ul style="list-style-type: none"> <li>• Strategic Policy</li> <li>• Strategic Waste Infrastructure Plan</li> </ul>
Department Environmental Regulation	<ul style="list-style-type: none"> <li>• Regulation</li> </ul>
Regional Councils	<ul style="list-style-type: none"> <li>• MSW</li> <li>• Regional Infrastructure Planning (MSW, C&amp;I, C&amp;D)</li> <li>• Operations</li> <li>• Waste education</li> <li>• Market development</li> <li>• Waste procurement</li> </ul>
Strategic Waste Management Groups	<ul style="list-style-type: none"> <li>• Collaborate on metropolitan wide waste issues</li> </ul>
Private Sector	<ul style="list-style-type: none"> <li>• Partnership with Regional Councils</li> </ul>

The Alternative Model proposed by the EMRC has significant advantages when compared to the model proposed by the DER as it covers all of the objectives in the Discussion Paper as well as building on the vast experience and extensive infrastructure already in existence within Regional Councils.

### **Procurement of waste services**

The DER Discussion Paper states that the role of waste groups would be to *“coordinate the procurement of waste services to ensure that they are acquired at least cost and that competition is maximised”*.

### **Cost effective, competitive and sustainable services**

A report commissioned by (the then) Department of Regional and Local Government stated that *“Regional Local Governments and organisations of councils provide economies of scale resulting in more effective waste management.”*<sup>8</sup>

Giving Regional Councils the authority to continue their implementation of waste solutions would maximise outcomes. This includes procuring waste processing services through various models, such as build/own/operate or public private partnerships. As previously discussed, the

<sup>8</sup> Metropolitan Local Government Review – Issues Paper, October 2011

consolidation of the five existing Regional Councils into three (refer Map 1) would enable this to occur as the economies of scale possible would present viable business opportunities for both the Regional Councils and the private sector.

Additionally, the *Local Government Amendment (Regional Subsidiaries) Bill 2014* is currently in the WA Parliament and if enacted would enable Regional Councils to reduce some of the compliance costs they are currently burdened with and allow them to be more responsive to the requirements of their member Councils.

Waste management is an essential service and best provided by local government in conjunction with Regional Councils. The private sector is profit driven and maximises profit by minimising costs, whereas Regional Councils provide sustainable and value for money services in response to community aspirations and demands. The EMRC for instance has a dedicated waste environmental team monitoring its Red Hill Waste Management Facility on a continuing basis to identify any issues and address them on a proactive rather than reactive basis. EMRC and MRC have post closure management plans in place for their facilities and cash reserve strategies to fund the required post closure activities. There is no requirement for the private sector to do the same thing. Regional Councils also consult extensively with the community in their strategic planning processes, project development initiatives and ongoing operational imperatives. Local government / Regional Council waste services continually rate highly in stakeholder satisfaction surveys. The EMRC's 2014 stakeholder satisfaction survey showed that in excess of 90% of stakeholders are extremely satisfied with the EMRC's waste management and waste education services.

The proposed EMRC model has the flexibility to allow services to be provided by Regional Councils where appropriate and to procure and encourage capital investment from the private sector where considered more cost effective. It also has the advantage of minimising the risk of the private sector focussing only on profit and moving in and out of the market due to fluctuating prices for recycled materials, which has resulted in numerous failures in the past.

For example:

- **Colmax Glass Pty Limited – Glass Recycling**

Colmax commenced operating its glass recycling industry in 2010. The aim was to transform glass into high-value products suitable for a variety of uses. The intention was to process over 24,000 tonnes of glass per year, with supply to overseas markets as well as building local markets over a five year period. The company went into receivership in

2013 due to operational problems that led to losses due to limited trade and production at the WA plant located in Kewdale. The Waste Authority invested \$2 million in this failed venture

- **CMA Corporation**

Scrap metal recycler, CMA Corporation, was placed in voluntary administration in 2013 due to the fluctuation of scrap metal prices, more competition from the sector and manufacturing downturn. CMA operated over a dozen recycling facilities across the country, employing more than 250 staff, and this was not the first time that the company had faced a financial crisis<sup>9</sup>.

### **The Future of Waste Infrastructure**

Perth's population is projected to grow rapidly and is likely to reach approximately 3.5 to 4.2 million in the next 50 years<sup>10</sup>. EMRC acknowledges there will be the need for strategically located waste facilities, including secondary waste treatment infrastructure across metropolitan Perth, as this is vital to responsible environmental management. In its recent review of metropolitan local government the State Government acknowledged that:

“Despite increasing population, .....the proposed resource recovery target for municipal waste of 70% relies heavily on metropolitan Regional Councils providing continued investment in alternative waste technologies and increased collections”<sup>11</sup>.

It is acknowledged that material recovery facilities will be required to manage the growth in waste. Regional Councils have already made significant investments into resource recovery solutions, through facilities that they manage. For example:

- EMRC's timber and mattress recycling facility at Hazelmere
- SMRC's Council's Canning Vale waste composting plant, MRF and greenwaste facility
- MRC's waste composting facility at Neerabup
- WMRC's contract with AnaeCo for a waste sorting and AD plant

Plans are also underway for the establishment of EMRC's Resource Recovery Facility and Rivers Regional Council has awarded a tender for its member Councils' waste to be treated by a private sector waste to energy facility.

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<sup>9</sup> Business Review Weekly, August 2013

<sup>10</sup> Perth @ 3.5 Million and Beyond Discussion Paper (2011) Committee for Perth

<sup>11</sup> Metropolitan Local Government Review (2011). Critical and Strategic Issues for Metropolitan Perth



The DER Discussion Paper states that *“Statutory Waste Groups will be required to operate in a manner that is consistent with a statutory waste infrastructure plan and targets in the Waste Strategy under the WARR Act”*.

A “Statutory Waste Infrastructure Plan” has been in the pipeline for some period of time and its release will provide clarity and direction to the EMRC and other Regional Councils.

Notwithstanding, EMRC has a strategic focus and as such waste plans consistent with the State Waste Strategy have already been developed. EMRC has also developed a Strategic Waste Plan as required under the Strategic Waste Initiative of the Waste Authority, which is focussed towards achieving the objectives of the State Waste Strategy. EMRC has a 10 Year strategic Plan which is supported by a long term financial plan, asset management plan and workforce plan. These plans are geared to make waste management more sustainable and are targeted towards achieving the goals of the State Waste Strategy.

## **CONCLUSION**

EMRC strongly believes that waste is an essential service and fundamentally a core competency of local government, which is most effectively managed at a regional scale. The review of the WARR Act is seen as an opportunity to lay the foundations for improved waste governance and participate in genuine dialogue with the State Government. The State Government would be best served by acknowledging the wide-scale social, environmental and economic benefits that have been possible to date as a result of local governments collaborating with Regional Local Governments.

Regional Councils are progressive organisations with a distinguished history of leading the way in waste management. EMRC established the first landfill gas power station in Western Australia, the first mattress processing facility, the first woodwaste processing facility and carpet tile recycling facility etc. SMRC was the first organisation to have an AWT, well before the current private sector interest in the industry.

By fine tuning the Regional Council model as proposed within this submission, further significant benefits can be leveraged from the review process.

In addition, further consideration should be given to expanding the WARR Act review to include C&I and C&D waste streams, bringing about greater progress with Extended Producer Responsibility, the introduction of a Container Deposit Scheme and greater hypothecation of funds raised through the WARR Levy.

## RECOMMENDATIONS

In response to the Discussion Paper EMRC recommends that:

1. The State Government NOT consider the creation of new “Statutory Waste Groups”;
2. The management of Municipal Solid Waste be undertaken by Regional Local Government;
3. Regional Local Governments be consolidated down from five to three based on contiguous, geographical clusterings; and
4. It be compulsory for metropolitan local governments to be members of regional councils for waste management purposes.

Although not covered in the DER Discussion Paper, it is also recommended that:

5. Increases be made to the level of hypothecation of funds raised through the WARR Levy to facilitate strategic waste outcomes;
6. Review of the *WARR Act 2007* be expanded to address Commercial & Industrial and Construction & Demolition waste streams;
7. Extended Producer Responsibility initiatives be progressed; and
8. A Container Deposit Scheme be introduced.

## GLOSSARY

Abbreviation	Meaning
<b>AWT</b>	Alternative waste treatment
<b>C&amp;D</b>	Construction and Demolition
<b>C&amp;I</b>	Commercial and Industrial
<b>FORC</b>	Forum of Regional Councils - A voluntary alliance comprising the Eastern Metropolitan, Western Metropolitan, Southern Metropolitan, Mindarie and Rivers Regional Councils and the City of Greater Geraldton.
<b>EMRC</b>	Eastern Metropolitan Regional Council
<b>MRC</b>	Mindarie Regional Council
<b>MRF</b>	Materials Recovery Facility
<b>MSW</b>	Municipal Solid Waste
<b>SMRC</b>	Southern Metropolitan Regional Council
<b>RRC</b>	Rivers Regional Council
<b>RRF</b>	Resource Recovery Facility
<b>OEPA</b>	Office of Environmental Protection Authority
<b>WALGA</b>	Western Australian Local Government Association
<b>WMRC</b>	Western Metropolitan Regional Council

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