



OUR REF: 19286

Bernard Ryan
Executive Officer
Municipal Waste Advisory Council
PO Box 1544
WEST PERTH WA 6872

Dear Mr Ryan

RE: RESOURCE RECOVERY REBATE SCHEME

As you would be aware, the Waste Management Board (the Board) has been undertaking a review of the Resource Recovery Rebate Scheme (RRRS) since 2002 as part of the *Statutory Review of the Waste Management and Recycling Fund*. The review process has included extensive community consultation.

As a result of the review and community consultation process, it is the Waste Management Board's intention to replace the RRRS with an alternative scheme that is performance based and open to both Local Government and industry. It is the Board's view that the RRRS should be phased out by 30 June 2006, with the time until that date devoted to developing, in consultation with all relevant parties, an appropriate alternative scheme.

As an interim step towards the conclusion of the RRRS the Board suggests that the funds allocated to the RRRS, from the Waste Management and Recycling Fund, be halved from approximately \$2.4 million to \$1.2 million as of 1 July 2005. The reduction would enable the Board to re-allocate resources to fund strategic projects identified through the *Statement of Strategic Direction for Waste Management in Western Australia*.

Please find attached a discussion paper prepared by the Board detailing the reasons for its decision, the process through which decision was made, and a call for comments relating to the development of the alternative scheme that will replace the RRRS. I invite you to read the attached discussion paper and make any written submission by 25 May 2005.



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At the conclusion of this period, the Board will provide its final advice on the future of the RRRS to the Minister for the Environment when presenting its 2005/6 Business review. Please note that there will be further discussions involving both local government and industry in relation to the nature and size of the scheme proposed to replace the RRRS from 1 July 2007. It is the Board's view that the funding should continue which rewards organisations (local government and other) that take initiatives which further progress towards the State's goal of "Zero Waste by 2020".

Yours faithfully

Noel Davies
Chairman

20 April 2005

Att: The Proposed Future of the Resource Recovery Rebate Scheme
Outcomes - Consultation workshop for the Resource Recovery Rebate Scheme October
2004

THE PROPOSED FUTURE OF THE RESOURCE RECOVERY REBATE SCHEME

1. INTRODUCTION

The Resource Recovery Rebate Scheme (RRRS) was initiated to increase local government participation in resource recovery. When being developed in 2000, the objectives of the RRRS were that the RRRS would:

- encourage the provision of services;
- be managed or delivered by local government;
- help achieve recovery of resources from the waste stream, or achieve a reduction in material landfilled;
- recognise the efforts of those local governments currently providing services that achieve resource recovery consistent with their performance relative to other local governments; and
- allow for differing rebate amounts for specific waste streams, technology types and in different regions.

The RRRS replaced the Municipal Recycling Services Scheme (MRS) and came into effect on 1 January 2001. The Waste Management and Recycling Fund (WMRF) is the sole source of funding for the RRRS. The WMRF is resourced through funds raised by a levy on waste disposed to landfill within the Perth metropolitan area. Funds held in the WMRF may be applied by the Minister for the Environment to fund programs relating to the management, reduction, reuse, recycling, monitoring or measurement of waste and on the costs of administering the WMRF. At present the RRRS receives approximately half the landfill levy revenue.

The Waste Management Board (the Board) has been undertaking an extensive review of the RRRS since 2002 as part of the Statutory Review of the Waste Management and Recycling Fund. The WMRF review process began with two separate consultancy reviews, a review of the grants program and a review of the RRRS and the landfill levy. The grants program review commenced in early 2002, was conducted by ATA Environmental and was reported to the Board in December of that year. The RRRS and landfill levy review undertaken by Economic Consulting Services, commenced during 2002 and was reported to the Board in February 2003.

These consultation reviews were combined to prepare *Western Australia's Waste Management and Recycling Fund – Recommendations for the Statutory Review of the Fund*. This document was then released by the Minister in September 2003 in parallel with the *Strategic Direction for Waste Management in Western Australia (2003)* for public comment and extensive community consultation. Both consultation processes were run simultaneously due to the clear links between both processes and the overlap in affected stakeholders.

The consultation process comprised two components: public workshops and a request for written submissions. In total, 10 workshops were held throughout Western Australia; 5 were held in the metropolitan area and 5 in regional locations. The workshops were widely promoted through direct email, local newspapers and *The West Australian* and by the websites of the Department of Environment and Waste Management Board. A combined total of approximately 250 people attended the workshop sessions including delegates from local government, state government, industry, not-for-profit organisations and general community. Additionally, 39 written submissions relating to the WMRF review were received during the consultation process.

The feedback received through both the workshops and written submissions was reviewed and the responses collated to produce an outcomes report. The Board utilised the outcomes report to review the initial recommendations presented in the *Western Australia's Waste Management and Recycling Fund – Recommendations for the Statutory Review of the Fund* and subsequently to develop *Western Australia's Waste Management and Recycling Fund – Final Recommendations for the Statutory Review of the Fund* which was released in September 2004.

Detailed information regarding this review and consultation process, including documents and workshop outcomes can be found on the Waste Management Board website www.wastewa.com or by contacting the Department of Environment as referred to in Section 4 below.

2. BACKGROUND

The WMRF review process highlighted a number of issues directly related to the RRRS. The review process found that the current scheme does not reward waste prevention activities and there is no evidence to suggest that the provision of the RRRS encourages more recycling. There is no requirement for funds allocated through the RRRS to be spent in specific areas nor is there any assessment of the success of money allocation. Furthermore, the current allocation of RRRS funds is not consistent with the aims and objectives of the *Statement of Strategic Direction for Waste Management in Western Australia*.

The response from the community consultation process, including both written submissions and workshop outcomes, supported undertaking a review of the RRRS. However, it was suggested that any new scheme would need to address the following issues:

- Any amended scheme should provide incentives for improved performance in waste management services including recycling and provide assistance for research and development.
- Resources allocated to participating local governments should be on the basis of the proportion of materials they divert from landfill, the type of materials diverted and where they are located relative to markets.
- Any scheme should be for 'new' resource recovery projects, allowing both resource recovery and secondary resource recovery projects.
- Any new scheme should be open to both local government and industry.
- Reducing the level of the rebate back towards 25% of the total Levy collected per annum.

These outcomes prompted an additional workshop held in October 2004 to address the future of the RRRS. The workshop resulted in two primary opinions; one being that the RRRS should be abolished; and the other that the scheme should be open to both Local Government and industry and be subject to benchmarks and performance measures. The detailed outcomes of this workshop have been attached.

3. WHERE FROM HERE

As a result of the review and community consultation process it is the Waste Management Board's opinion that the RRRS should be phased out by 30 June 2006. It is the Waste Management Board's intention to replace the RRRS with an alternative scheme that is performance based and open to both Local Government and industry.

The Board is of the view that as an interim step towards the conclusion of the RRRS, the funds allocated to the RRRS, from the WMRF, would be halved from approximately \$2.4 million (50% of the income from the levy) to \$1.2 million (25% of the income to the levy) as of 1 July 2005. This reduction would be equivalent to the percentage of allocated funds to the original MRS scheme and a quarter of the total resources available in the WMRF. The reduction would enable the Board to re-allocate resources to fund the strategic projects that have been identified through the *Statement of Strategic Direction for Waste Management in Western Australia*.

The RRRS phasing out period would allow the Board to conduct further consultation to develop a new model for a scheme to allocate funds to local authorities and businesses that adopt innovative approaches to recovering or minimising waste in line with the *Strategic Direction*. The phasing out period would also provide time for Local Government to adapt to the changed funding environment.

4. CALL FOR FEEDBACK

The WMB would like to invite your comments on this position paper, the future of the RRRS and the structure of the proposed alternative scheme. Written submissions on this position paper can be made during the consultation period which closes on Wednesday 25 May 2005. All the submissions will be reviewed and a summary of written responses will be posted on the Waste Management Board's website www.wastewa.com and emailed to those who have submitted written responses.

Members of the community who wish to make submissions can email written comments to:

jayne.finch@environment.wa.gov.au

Alternatively post your responses to:

Department of Environment
Waste Management Branch
PO Box 6740
Hay Street,
East Perth WA 6892

4.1 WRITTEN RESPONSES

The following guidelines will help to ensure that your submission is as effective as possible:

- Make it clear and concise;
- Describe the issue on which you wish to comment;
- State your views on the issue, and support your position with relevant information if possible; and
- Suggest alternatives to deal with issues on which you disagree.

Some focus questions that may help you develop your response are listed below.

1. How would you structure an alternative scheme?
2. Who should the scheme be available to? Examples include:
 - The collectors of resources to be recovered
 - The separators of resources to be recovered
 - The reprocessors of resources to be recovered.
3. If the scheme was available to all levels of resource recovery how should we allocate the rebate.
4. How should the scheme be administered?
5. What should the scheme's performance criteria be?

If you have any questions related to the position paper or require any further information please feel free to contact Jayne Finch via email - jayne.finch@environment.wa.gov.au or phone 9278 0958.

SUMMARY OF DOCUMENTS

Western Australia's Waste Management and Recycling Fund – Recommendations for the Statutory Review of the Fund (2003)

Report on the Outcomes of the Public Consultation: Western Australia's Waste Management and Recycling Fund – Recommendations for the Statutory Review of the Fund (2004)

Western Australia's Waste Management and Recycling Fund – Final Recommendations for the Statutory Review of the Fund (2004)

Resource Recovery Rebate Scheme: Consultation Workshop – Outcomes Report (2004)

Strategic Direction for Waste Management in Western Australia (2003)

Strategic Direction for Waste Management in Western Australia: Report on the Outcomes of the Public Consultation (2004).

Statement of Strategic Direction for Waste Management in Western Australia (2004).

All above listed documents and workshop outcomes can be found on the Waste Management Board website www.wastewa.com or by contacting Jayne Finch at the Department of Environment via email - jayne.finch@environment.wa.gov.au or phone 9278 0958.

RESOURCE RECOVERY REBATE SCHEME CONSULTATION SESSION

20 OCTOBER 2004

Summary of comments and discussion

Background

This document contains the summary of key participant comments made at the workshop held on 20 October 2004 at the Atrium Theatre, 168 St Georges Tce Perth on review of the Resource Recovery Rebate Scheme (RRRS).

The RRRS is the rebate scheme of the Waste Management and Recycling Fund (WMRF) that rewards local government for recycling efforts, based on reported results every six months.

The Waste Management Board has recommended to the Minister for the Environment that the RRRS be reviewed in consultation with key stakeholders. Invited to the workshop were local government authorities which have participated in the scheme; respondents to the WMRF Review who had commented on the scheme in any way; and industry representatives who were known or considered likely to have a view on this matter.

The Waste Management and Recycling Fund has been undergoing a review and there are some prominent issues that will affect the future of the RRRS including:

- that industry cannot access a similar program for supporting waste reduction and recycling activities
- that the ability to support strategic initiatives is constrained by such a large proportion of the WMRF going into this one program (the only source of funds for the WMRF is the landfill levy, and half of the landfill levy that is collected goes into this program).

The comments and contributions made by participants in the workshop is greatly appreciated by the Waste Management Board and will be taken into account as it makes recommendations to the Minister.

Summary of workshop comments and discussion

1. Resource Recovery Rebate Scheme (RRRS) Effectiveness

Focus questions:

- How effective has the RRRS been in its current form?
- What results has it enabled your organization to achieve?
- How has the RRRS assisted you?
- What results has it achieved in dealing with waste overall in WA?

Provision of seed funding for local governments to introduce recycling programs.

There is an equity issue – local government is paying for government-directed activities in waste reduction and recycling.

Local government has committed long-term funding to change.

RRRS has been a substantial incentive to make changes. But now, when in a position to access funding, the money may now be removed.

RRRS has supported the introduction of a number of programs.

The difference between Local Government's expenditure and the amount received from RRRS leaves local government out of pocket in providing recycling services.

Produces statistics which could be used to communicate to the public, but these are not being used effectively yet.

Education programs, removing specific products, targeting particular products.

Industry questions why Local Government is subsidised to undertake practices that should be done first under principles of sustainability.

Small local governments have found no incentives through RRRS to recycle.

2. RRRS - Options for the future (general)

Focus questions:

- What should we do with the RRRS and why?
- What outcomes does it need to achieve and why?
- What additional options need to be considered?

Remove RRRS and focus on problem wastes (e.g. solvents, tyres) through an industry body.

Concern that the landfill levy is not being applied across Western Australia.

A scheme is needed to encourage recycling.

Concern that industry can't access an incentive to recycle.

Hypothecate industry levy to industry and local government levy to recycling programs.

Use funds to support vision and priorities set out in the Strategic Direction Statement.

Open scheme to all players and involve C&D industry to make it work.

Focus funding incentives on minimisation and avoidance. Identify points where recycling occurs. Direct resources into these areas.

Environmental outcomes should be priorities (waste that is generated is treated for the best environmental outcomes.)

Support for transport, infrastructure, community groups.

Needs to provide long term continuity.

More education (based on statistics) leading to a broader scope and in a format that can be used.

Need for data. If we don't know what we are dealing with, we can't manage it.

Greater focus towards community action.

Need for a focus on market development.

Support removal of organics from landfill as a driver to improved environmental outcomes.

Environmental outcomes, particularly for hazardous and organic material is a driver.

Identify the real cost of landfill – it is a scarce resource that should be used for the most beneficial use.

Illegal dumping needs to be addressed.

Clear definition of what the levy funds are used for :

- RRRS
- SWIS and
- Community Grants

Consequences of a rise in the Landfill Levy:

- Increase in illegal dumping;
- Rise in general level of costs of dumping and transport
- Accessibility.

Levy avoidance activities creating unknown environmental problems.

Targeted education programs for particular key issues (e.g. in tourism locales)

Particular entities that are special cases (e.g. Rottneest Island Authority)

Exemption on residuals and recycling.

3. Options for changes to the RRRS

Focus questions:

- Refine or provide further detail on options
- Positive and negative impacts of options (5 maximum)
- Could they be achieved through any other scheme?

If RRRS is to go, it should be replaced with a seed funding option to offset infrastructure and establishment costs.

Funding for early adopters of resource recovery to assist with initial high costs of establishing systems and some funds to support continuous education.

Need to develop ways of targeting particular wastes (providing initial incentives to make changes)

Incentives to develop HHW Program:

- Incentives to set up program;
- Levy on HHW to manage problem; and
- Ongoing commitment to program.

Move costs/incentives to the waste generator. Need to have accountability for the dollars.

Support continuous improvement.

Funding to focus on R&D to show improvement, but not to infrastructure.

Difference between Metro and non-Metro.

If the RRRS goes, how do we collect the data on recycling?

Incentives for local government should match the Strategic Direction.

Restructure system to direct funds towards behaviour change and improving services to particular benchmarked levels. This also maintains data collection.

Rather than subsidise collection, use the money to develop programs like EPR to solve problems (e.g. hazardous collections and depots).

Halve the current RRRS allocation and divert the savings into a targeted program to reduce local government barriers to participation in strategic activities.

Facilitate partnerships between different entities and cooperation.

Support for recycling programs in future could come under NPC, and not from the WMRF via RRRS.

Under NPC, benefits to R&D through access to national funding.

Establish an independent Waste Management Agency to run programs.

RRRS Options and participant responses

Each participant was allowed a vote of 3, 2 and 1 for marking on any of the options.

Option	Description	Open to Local Government only	Open to All stakeholders
		1	2
A	Status Quo - \$2.4 million - open to local government only	2 x 1 (Total 2 votes)	
B	Same as Option A except reduce to \$1.2 million. Money freed to go to strategic activities.	3 x 3 1 x 2 (Total 11 votes)	3 x 3 7 x 2 13 x 1 (Total 38 votes)
C	Same as Option B but payment subject to benchmarks and performance measures.	1 x 3 2 x 2 5 x 1 (Total 12 votes)	12 x 3 13 x 2 (Total 62 votes)
D	No RRRS. Funds to be directed to SWIS and implementation of Strategic Direction.		10 x 3 6 x 2 6 x 1 (Total 48 votes)