



THE WASTE AND RECYCLING INDUSTRY ASSOCIATION OF WESTERN AUSTRALIA

ANNUAL REPORT 2021

1. President's Report

WRIWA has two broad objectives:

- to achieve best practice environmental outcomes from collection, processing, recycling and disposal of waste; and
- to ensure markets are fair and transparent, ensuring competition occurs on a "level playing field" that drives value for customers and a fair return on investment for members.



Mike Harper, President

During the past year we have met with the Minister for the Environment, the Hon Stephen Dawson and most recently with his successor, the Hon Amber-Jade Sanderson. This has consisted of one-on-one meetings and an 'all of industry' meeting on 14 June 2021.

At our June meeting with Minister Sanderson, the topics discussed were:

- ✓ Roads to Reuse
- ✓ C&D Aggregates
- ✓ Inconsistent Compliance
- ✓ Banning Tyres to landfill
- ✓ Levy Avoidance

The meeting was well attended by our members and was considered by members to have been a valuable opportunity to exchange views with government. The Minister announced at the meeting that she had instructed the Department of Water and Environmental Regulation to commence incremental action to stop levy avoidance. The Minister extended the meeting beyond the formal agenda to put questions to members.

We have also continued to develop our relationships with the Department of Water and Environmental Regulation, and in particular have met quarterly with the Director General. During 2021, Mr Mike Rowe vacated the position of Director-General and was succeeded by Ms Michelle Andrews. Ms Andrews has confirmed to us that DWER is proceeding with strategies to address levy avoidance, in accordance with the Minister's wishes.

We have developed a broader industry base with the inclusion of Go Organics and WA Return Recycle Renew.

2. Treasurer's Report

The Waste and Recycling Industry Association of Western Australia (WRIWA) was formed in 2017 and currently has 18 members across four membership categories.

Revenues

Revenues were primarily derived from membership fees, with a minor contribution from interest earnings. Total revenue for the 2021 financial year is \$73,763. By way of comparison, revenues for the past 3 financial years are:

2021 (\$)	2020 (\$)	2019 (\$)
73,763	102,039	50,537

The variance in the revenues between the financial years was predominantly relating to a reduction in membership revenue. WRIWA recorded revenues as being earned in the year the revenues were collected.

Expenses

Expenditure of WRIWA for the 2021 financial year is \$93340, by way of comparison, expenses for the past 3 financials years are:

2021 (\$)	2020 (\$)	2019 (\$)
74665	93340	76749

The variance in the expenses primarily relates to a reduction in the contract labour costs, which in turn primarily relate to the work of the executive officer.

Profit for Ordinary Activities

The loss from ordinary activities for the 2021 financial year is (\$902) and for the previous periods is a profit of \$8699 in 2020 and a loss of \$26212 in 2019.

Cash at Bank

The cash at bank of WRIWA as at 30 June 2021 is \$22,603; when compared to \$22,857 as at 30 June 2020, being an decrease in cash at bank of \$254.

Auditors Opinion

Financial Auditor, SMSF Audit Firm Pty Ltd has audited the WRIWA 2021 financial statements and has formed the opinion that the financial report gives a true and fair view of WRIWAs financial position at 30 June 2021 and of the financial performance of WRIWA for the period 1 July 2020 to 30 June 2021.

Budget and Forecast 2021/2022

WRIWA is in a sound financial position. However, work by the association is needed to ensure that revenue is enough to cover operating expenses in order to be able to operate effectively. There are several options that have been discussed by the WRIWA committee to increase revenue and they are to:

1. Increase membership
2. Raise annual fees
3. Introduce other revenue streams like sponsorship
4. Increase the awareness of the WRIWA brand to encourage new memberships; and
5. Decreasing operating expenses if needed.

In order to facilitate the required cash flow for the Association it was resolved by the Board to increase membership fees for the 2022 financial year as follows:

Type	Description	Annual fee
Major Corporate	Organisations with multiple locations and > than 100 employees	\$12,500 plus GST
Large	51 to 100 employees	\$10,000 plus GST
Medium	25 to 50 employees	\$5,000 plus GST
Small	1 to 25 employees	\$2,500 plus GST

All committee members have made an excellent effort to maintain and increase memberships and it was resolved to introduce a sponsorship revenue stream. The sponsorship revenue stream has thus far resulted in 2 sponsors with revenue from these sponsors being \$4500 annually.

WRIWA		
F22		
BUDGET		
PROFIT & LOSS STATEMENT		
REVENUE		
Membership Fees	112062	
Sponsorship Fees	4500	
Interest	50	
		116612
EXPENSES		
Advertising and Marketing	500	
Audit and Accounting	2200	
Contract Labour	75000	
Computer Expenses	210	
Entertainment	2000	
Insurance	2200	
Parking	100	
Printing and Stationery	500	
Subscriptions	1200	
Travel, Meals and Accommodation	3000	
		86910
NET PROFIT/LOSS		29702
WRIWA		
F22		
CASH FLOW STATEMENT		
Opening Cash Flow Position		22603

Add GST Refund		
Add Receipt from Customers	116652	
Add Interest Received	50	
Total Inflow		116612
LESS Expenses		86910
Budgeted Cash as at 30/06/2022		52305

Appointment of Auditor

One Step Services was appointed as auditor.

3. Executive Officer's Report: year in review

- **Roads to Reuse (RtR)**

WRIWA has sat on the Waste Forum which developed RtR from its early stages and represented industry. The program initiated by the WA Waste Authority (WAWA), Main Roads WA (MRWA) and the Department of Water and Environmental Regulation (DWER), with input from Department of Health (DOH), has developed a specification for the use of Crushed Recycled Concrete (CRC) in MRWA projects.

Three WRIWA members operating over four sites have completed the qualification process and achieved DWER's approval of a Material Acceptance and Sampling Plan (MASP). Together, they have supplied 95,000 tonnes of material to MRWA. Unique among WRIWA members, there have been no exceedances or non-conformance issues.

WRIWA estimates that there is up to 400,000 tonnes per annum of C&D material per annum that could be manufactured into CRC.

MRWA has fallen well behind its commitments made under the *Waste Avoidance & Resource Recovery Strategy Action Plan 2030* to use 300,000 tonnes of CRC in its projects during this reporting period.

WRIWA has made multiple efforts thorough the year to support purchases by MRWA to meet the targets. We have:

- Organised site tours for key stakeholders including the Chair of the Waste Authority, the Director General of DWER and the Director General of Transport, as well as ,for the civil engineering community, and for the WA Local Government Association (WALGA)
- Contributed to the C&D Roundtable in May 2021, and to the C&D Reference Group (ongoing); and
- Made presentations to MRWA interest groups including: the MRWA Quality and Sustainability group, Sustainability Knowledge Share Group; and the East/West Alliance.

We are seeing progress, with CRC now mandated by MRWA under full depth asphalt. With over 95,000 tonnes now used, and quality testing data showing zero issues, we are advocating for wider use of the material, such as under low to medium traffic roads. This would bring the use of CRC in line with its use in Victoria and Queensland.

- **Recycled Sand**

WRIWA estimates that there is up to 600,000 tonnes of sand per annum currently being reclaimed as a by-product of the RtR process or from commingled C&D recycling plants.

Mr Peter Woronzow, Acting Director General of Transport, affirmed support for the use of sand in infrastructure projects at the C&D Roundtable held in May 2021. However, we have seen very slow progress with the development of a specification (involving DWER) and will continue to pursue this over the coming year.

- **Levy Avoidance**

This is an ongoing issue, and we estimate that avoidance now exceeds \$100 million per annum or in excess of 1.4 million tonne per annum of C&D material that is being moved to rural landfills to avoid the levy.

As mentioned in the President's Report above, we have continued to meet with the Minister for the Environment and the Director General of DWER to raise this issue, and have received the strongest commitment to date to take action by new Minister, the Hon Amber-Jade Sanderson. We have proposed to the Minister that we need a State-wide C&D levy to eliminate the incentive for avoidance. Progress is slow, but we are now seeing incremental actions by DWER that are impacting on avoidance.

- **FOGO**

WRIWA and a number of our members individually have seats on the FOGO Reference Group chaired by DWER. There has been significant progress during the year with the development of a list specifying what can and cannot go in the FOGO bin. This is intended to be a single State-wide list, to make messaging significantly easier and less costly, and to reduce contamination in the lime green bin.

Solo Resource Recovery has secured two of the first collection contracts, while Go Organics is processing FOGO from both Southern Metropolitan Regional Council and the City of Wanneroo.

Members have, however, reported mixed messages from LGAs looking to establish FOGO, with some LGAs focussed on low cost solutions rather than quality outcomes. Our industry has experience with a similar focus in kerbside recycling which has unfortunately led to high rates of contamination.

WRIWA will be promoting a campaign in 2022 for Best Practice Contracting FOGO. We are indebted to our sponsor MRA Consulting who have supplied us with a set of guidelines based on experience on the eastern seaboard. See **ATTACHMENT A** for details.

- **Inconsistent Compliance**

WRIWA members are concerned that regulatory compliance measures are not sufficient, and in some instances are being inconsistently applied by DWER. This has led to the situation where some companies who demonstrate high levels of compliance are being disadvantaged by the presence of non-compliant operators who are able to operate at a lower cost. This is a significant issue. WRIWA members met with the Hon Amber-Jade Sanderson Minister for the Environment on 21 June 2021 and raised this issue including examples.

- **Recycling Modernisation Fund (RMF)**

In February 2021 the Morrison and McGowan Governments announced \$70 million in joint funding targeted to drive an estimated \$174 million recycling boom in Western Australia. This was in response to the introduction of an Export Ban by the federal government.

WRIWA met with the Hon Sussan Ley, Minister for the Environment in early 2020 to discuss the ban. At this meeting we had emphasised that WA was more vulnerable to the Export Ban as our geographical isolation did not give us access to the recycling infrastructure concentrated on the eastern seaboard. It was therefore pleasing to see that WA was the first State to receive the RMF funding, including:

- A joint venture between the Pact Group Holdings and Cleanaway that will receive over \$9.5 million for a plastics reprocessing facility in East Perth. It will process plastic waste into high quality flakes that can be used to make for food grade and non food grade recycled resin. The new facility will process 17,000 tonnes of waste plastic each year.
- Kariyarra - Tyrecycle Pty Ltd, a joint venture between Kariyarra Aboriginal Corporation and Tyrecycle based in Port Hedland, will receive over \$6.9 million to recycle mining tyres in the Pilbara Region. The recycled material will be sold overseas. The plant will process at least 27,000 tonnes of waste tyres per year.
- Tyrecycle Pty Ltd will receive almost \$5.2 million to invest in equipment to produce 42,000 tonnes of tyre shred and 3,000 tonnes of tyre shred and tyre crumb in the Perth metropolitan region.
- Another \$15 million from the RMF and \$15 million from the WA State Government will go towards tackling 100,000 tonnes of waste paper and cardboard at a new \$86.6 million Suez Recycling and Recovery/Auswaste pulp mill in Perth. The plant is expected to be operational before the export ban on mixed paper comes into effect on 1 July 2024 and provide local processing capacity for all the mixed paper and cardboard waste currently exported from Western Australia. Over 60 additional jobs will be created by this project.

- **Banning Tyres to Landfill**

With the increased capacity assisted by the RMF funding WA is now in the position where we have the capacity to recycle 100% of used tyres. The Tyrecycle upgrade in Perth and the new plant in Port Hedland also gives a strategic geographic spread. As a consequence, WRIWA has approached the WA Minister for the Environment asking for a total ban on tyres going to landfill.

- **Best Practice Contracting**

Members continue to report poor outcomes in Kerbside Recycling with contamination rates at Material Recovery Facilities (MRFs) still averaging 15%. At least one metro council has a contamination rate of 34% and one rural council has a contamination rate of 52%.

In 2019 WRIWA in conjunction with SMRC and the WA Local Government Association (WALGA) conducted a contamination study, which is the first of its kind and examined contamination rates compared with Expenditure per Household per Annum (EHHA) on waste education. There was a clear correlation between EHHA and contamination, the lower the spend the greater the contamination.

This is a systemic problem and is arising through poor contract arrangements between industry and LGA's where the cost of EHHA is not being factored into contracts.

At the November 2021 WRIWA meeting with the Director General of DWER, it was agreed that Better Practice Contracting would be escalated onto the states agenda.

WRIWA has developed an initial position paper based on consultation with MRA Consulting, as follows:

- Separate Collection from MRF processing to obtain the best price and allocate risk to the right parties (specialists)
- Ensure there is a Contamination Schedule that allocates contamination to bands and the price premium (gate fee per band of contamination) is tendered. E.g. 0-5% is base gate fee; 5-8% xxx; 8-10% xx; 10-15% xxx; 15-20% xxx; etc. Only allow rejection of a load when contamination is above a threshold.
- Only permit contamination to be varied ANNUALLY based on an agreed Audit Methodology and NOT determined by each vehicle. The Parties need to agree the methodology for consistency. If a Party wants another audit, they pay for it.
- Individual truckloads of recyclables cannot be rejected by the MRF unless they pose a risk to life or property. All decisions relating to contamination are managed under the Contamination Audit process (based on the Annual audit item 3 above)
- Audits are undertaken by an independent third party for each Council and are tied to that Council's gate fee. The audit reports also feeds into Council's education and "three strikes" programs.
- Specify Reporting Requirements that reflect the reality of MRF operations (ie MRFs cannot separate individual Council streams; so reporting of recovery and tonnages etc will be on total MRF basis).
- Make a provision for a payment of education costs from the contractor to the Council (we suggest \$100k minimum for Kerbside MRF but it depends on the size of the contract). \$10/hh/year is the minimum that should be spent on education.
- Have the tenderers specify a contingency MRF location that they would use in case of breakdown
- Require min 2 days MRF storage capacity in case of breakdown.
- Include specific 'change in law' clause for variations to:
 - Carbon pricing
 - Landfill levies
 - CDS income
 - Export bans
- Ensure that CDS mechanisms are set out in the contract. Councils should keep either 100% or 0% of CDS revenues (it doesn't matter which as long as it is specified). The MRF tenderers will adjust their tender price accordingly. (If it is set at some other percentage then it will require regular auditing of CDS receipts and allocations (work that does not benefit either party)).
- Set agreed annual CPI adjustment of say 2% so that it is not disputed or reference a known index.
- Suggest a Model Contract (either NSW EPA (old) or an updated one e.g. MRA but others may have them).
- Typical contract is 7+3 extensions. But given the uncertainty with current export bans, China Sword etc MRA is recommending 3+2 where there are available MRFs and a competitive market.
- Leave recovery, marketing and sales of products to the MRF operator.
- Consider a rise and fall for higher and lower commodity pricing if Council wants to share up and downside. It is clear that downside risk will always be borne in part by Council (otherwise the MRF goes broke during crashes like China Sword).

Whether Council wants to try to share in upside sales revenues is a policy question for Council. The cost of sharing of upside revenues (by the MRF operator) will in part be factored into their tendered gate fees. Probably 20% of MRF contracts have value (profit) sharing clauses that MRA knows of. The sharing rules need to be benchmarked against an index or indices (e.g. London Metal Exchange). There is no “MRF output/sales” index.

- Councils need to be considerably more diligent with Contract Management and should include a Contract Management Schedule for reporting, adjustments, meetings etc to provide discipline to the contract management process.
- Require Euro 6 air emissions standards on trucks or better still preference Hydrogen Fuelled Vehicles (if they want to be cutting edge) or EV's.
- Suggest Scales on Trucks (NMI approved) with RFID tags or GPS positioning to allow for weight-based campaigns, education, competitions etc (not pricing) by street or suburb

BEST PRACTICE CONTRACTING - FOGO

	Issue	MRA approach
1.	Contamination rates	Average national contamination rate in FOGO is 2% c.f. yellow top bin at 10%. Contamination best managed by a sliding scale with gate fee premium for each 1% increase. This is tendered so there are no surprises. Average contamination rate determined via audits annually.
2.	Education cost/hh/yr	Recommended > \$10/hh/yr. We use \$10/hh as the default assumed education. Education is necessary to manage contamination as is a 3 strikes program. Education preferably run by Council so they own the contamination outcomes. Funding can be added into the contract costs.
3.	Compostable bag costs	MRA assumes 2 bags/wk/hh and includes these in modelling costs. Possible that major retailers will move to compostable produce bags over the coming few years. Augment supply. Work in progress by MRA and some Councils.
4.	Buy-back of compost by Council (markets)	We assume 20% of compost production be purchased back by the Council(s). De-risks a component of the contract. Lock this in prior to tender documentation.
5.	Commencement period	MRA sets the following period between contract award and commencement: 12-18 months for collection; 3 years for composting facility (with alternative facilities named in the tender to ensure that the composter can commence receipt of FOGO at year 3). Composter responsibility from year 3 onwards for contract period.
6.	Site approvals	Sites identified by Councils; pre-approved site, if possible. Otherwise we recommend a facilitated approvals process with Council assisting the application. Estimated 1-2 years for large FOGO composting site. (Hence 3 year commencement period).
7.	Contract period	Collection 7+3 year option (new vehicles). Composting (new facility) minimum 10 preferably 15 years.