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Project Manager
Waste Reform Project
Department of Water and Environmental Regulation
Locked Bag 33
CLOISTERS SQUARE WA 6850

Via email: warreform@dwer.wa.gov.au

Dear Sir / Madam

Re: Waste Reform Project: proposed approaches for legislative reform, July 2017

Thank you for the opportunity to provide comment in relation to the proposed waste legislative reform project.

Alcoa of Australia Limited (Alcoa) represents one of the world's largest integrated bauxite mining, alumina refining and aluminium smelting systems, which add value to Australia's local, state and national economies at every stage.

Alcoa supports approximately 4,300 direct jobs, predominantly in regional Australia, with the following operations:

Two bauxite mines in Western Australia

- Three alumina refineries in Western Australia
- One aluminium smelter in Victoria
- Two dedicated port facilities in Western Australia
- Three Farmland sites in Western Australia

Alcoa has been investing in Australia for 54 years and each year, more than 75 per cent of the total revenue stays in Australia through wages, local purchasing, taxes, royalties, capital investment and dividends to Australian shareholders. Alcoa is one of Australia's leading exporters, contributing approximately \$4 billion in exports each year.

Alcoa has targeted waste reduction and recycling programs across all its locations. Currently our recycling programs include scrap steel, wood, fluorescent tubes, waste oil, oil filters, batteries, cooking oil, cardboard, printer cartridges, mobile phones and other recyclables. In 2016 Alcoa diverted more than 5900 tonnes of waste from landfill into recycling programs, a clear demonstration of the company's leadership in this area.

Alcoa actively engages with its waste management contractors who provide specialist waste removal services to the organisation. All waste contractors and receivers are regularly assessed by our environmental specialists against corporate and regulatory standards to ensure waste from our operations is managed appropriately. In addition, Alcoa proactively seeks new methods to reduce waste generation and to source opportunities for reuse and recycling of waste streams from its operations.

Alcoa actively works with the waste industry and others to find opportunities for recycling, reuse of processing by-products and reduction of waste streams from its operations. There several instances where the proposed changes suggested by the waste reform project would actively work against Alcoa and its partners to explore these opportunities, including opportunities to explore development of additional mineral products from bauxite processed at our refineries. This discourages the pursuit of these opportunities and creates further uncertainties for economic employment and growth in already volatile market conditions.

Alcoa has lead the minerals industry in responding to environmental concerns through its proactive and innovative technology developments. We recently introduced bauxite residue filtration technology at our Kwinana Alumina Refinery which will reduce the rate of expansion of the residue storage areas and freshwater use by more than one gigalitre per year. The same technology is currently being installed at the company's Pinjarra refinery. The residue component of the refining process primarily consists of iron and silica minerals, and Alcoa is seeking further product opportunities for these minerals.

Recommendations

In principle, Alcoa supports the development of policy frameworks for Western Australia (WA) that promote practical diversion of materials from landfill to reuse or recycling. Unfortunately, the waste reform program appears disconnected from a broader strategic plan and economic drivers and barriers to recycling in WA.

Alcoa is concerned that without a suitable strategic framework in place, the proposed reforms will drive poor environmental outcomes, unnecessarily increase business costs and fail to improve the diversion of waste from landfill to reuse or recycling.

In addition, we are concerned that this appears to be a revenue raising activity rather than a legitimate pursuit of better environmental outcomes for Western Australians.

Alcoa further recommends:

- The development of a holistic waste strategy for WA supported by clear objective, prioritisation of programs and transparent analysis of economic and environmental impacts of the programs.
- Ensure that industrial wastes where managed by an onsite licence and mine processing wastes remain outside of the scope of the landfill levy as recommended by the Waste Authority.
- Clearly communicate the geographic scope of the reform and consult impacted parties before implementation.
- Clarify the wastes to be captured by the reform program through better consultation and impacted parties are consulted regarding these impacts and before changes are initiated.
- Justify why the burden of mandatory monthly reporting of waste data is required and what environmental benefit it produces.

- Allow alternative methods of calculating waste volumes, rather than just utilisation of weigh stations.
- Demonstrate how the Department proposes to support the necessary regulatory changes that will facilitate recycling and other reuse industries in WA.
- Explain the proposed changes to waste definitions and consult with parties impacted by the changes prior to implementation.

Dis-incentivising downstream processing and process reuse opportunities

One of the reform elements proposed is to amend “key terms in the Waste Avoidance and Resources Recovery Regulations 2008 (WARR Regulations), WARR Levy Act and Waste Avoidance and Resource Recovery Levy Regulations 2008 (WARR Levy Regulations) to ensure the levy applies to all waste disposed to land”.¹

Applying a levy to industrial process wastes disadvantages local integrated mineral processing companies, like Alcoa, compared to those that mine and export raw commodities. This would be a significant impact to Alcoa and its integrated bauxite mining and alumina refining operations in WA. Western Australia, while a relatively reliable and predictable place for investment, is already a very expensive (labour, power, logistics) and complicated place to do business. The reform program would compound existing, already significant, disincentives to investing in downstream processing in WA. The reform program, and the levy, should therefore only target ‘waste streams’ where there is a real prospect of reduction.

The current Western Australian Waste Strategy (2012) established under the WARR Act specifically identifies that the management of mining spoil, agricultural wastes or industrial wastes (particularly where managed under onsite licences) should remain outside the levy and the Waste Strategy. The waste reform paper indicates that most other Australian state statutory frameworks for managing wastes address industrial wastes separately and a number exempt industrial wastes from levies.

The continued economic viability of existing local options for reuse, recycling or beneficiation and existing industrial ecology programs, where wastes from one facility may be an input to another, should be encouraged to promote the development of solutions to industrial waste problems. The waste reform program needs to consider inclusion of enablers to facilitate future growth of these opportunities and generating industry from a material life cycle perspective.

Amendment of terminology unlikely to contribute to improved environmental outcomes

The waste reform paper also proposes to²:

- Clarify the legislative relationship between the Environmental Protection Act 1986 (EP Act) and the WARR Levy Act to make waste policy objectives, including the waste strategy, relevant to considerations in the granting of licences and attachment of conditions under Part V Division 3 of the EP Act.
- Amend Schedule 1 of the Environmental Protection Regulations 1987 (EP Regulations) to streamline and reform landfill and other waste categories to encompass a broader range of waste disposal methods

¹ Underlining added, Waste Reform Project: Proposed approaches for legislative reform July 2017, page v.

² Waste Reform Project: Proposed approaches for legislative reform July 2017, page v

Alcoa is firmly of the view that the EP Act already has extensive powers related to the control and management of waste. It is unclear from the waste reform paper how these existing powers have failed to achieve an intended outcome, or even if the Director General of the Department of Water and Environmental Regulation (DWER) has sought to use these extensive powers and found them to be lacking. Consequently, the Waste Reform Paper appears to recommend amendments to the EP Act to provide powers already conveyed.

The amendment of Schedule 1 to streamline the landfill categories will affect several hundred licences across WA and create a significant impost on DWER's internal resources as well as to companies impacted by these changes. The true intention behind this suggested change is unclear, however the DWER may achieve the same outcome by amending one regulation within the WARR Levy Regulations, rather than the broader impost of amending the EP Regulations and the associated hundreds of facility licences in WA. It appears therefore that the intent of this has not been well considered, nor the regulatory impost, by the waste reform project.

The different prescribed premises categories within Schedule 1 of the EP Regulations also align with the DWER risk based licensing objectives. The categories denote different levels of environmental risk posed by the facilities that manage waste. Simplifying the categories for the application of the levy does not demonstrate an understanding of the different environmental risks and therefore management that needs to be applied to meet the objectives of the EP Act to conserve, preserve, protect, enhance and manage the environment.

The waste reform paper also lacks clarity on the specific amendments for the terms 'disposal premises' and 'receive'. This makes it difficult for Alcoa to determine the full implications of this legislative reform proposal to its operations. Alcoa made attempts to meet with the officers responsible for the waste reform project but were declined any opportunity to directly engage with the Department to gain clarity about its intent, the terminology used and scope of the proposed changes.

Alcoa is supportive of a simple, effective, consistent and reliable regulatory regime in WA. The policy approach, the exploration of different policy mechanisms and the implementation of any programs or proposed changes should be commensurate with the risks and the outcomes sought. Any simplification and streamlining should be mindful that different wastes carry significantly different risks to the environment.

Barriers and enablers of recycling and waste minimisation

WA's geographical isolation makes the introduction of any economic instrument for environmental outcomes challenging due to lack of markets, low population numbers and density and other integral elements necessary for success. Alcoa does not support amendments to the existing regulatory regime without considering the holistic implications of the proposed changes.

The suggestion to amend the operation of the WARR Act, WARR Levy Act, WARR Regulations and WARR Levy Regulations without a comprehensive review of the full operation of the program since its inception in 1998 appears ill-advised. Significant revenue has been collected through the operation of the levy system, yet as noted recently by the Minister for Environment, the Hon Stephen Dawson MLA, WA's reuse and recycling levels are among the lowest in Australia.

Alcoa believes a comprehensive assessment of the effect of the levy program and other waste reduction programs would be a prudent first step toward the development of a clearly articulated policy paper outlining proposed programs to support the objective. In addition, we seek for there to be effective consultation with all impacted members of the Western Australian community.


Understanding and measuring waste effectively

Alcoa is supportive of processes that enable different wastes to be understood and measured effectively. We have expended considerable resources over many years conducting waste audits of our facilities and exploring opportunities to divert these wastes and by-products into reuse, recycling and other landfill alternatives. The proposed introduction of weighbridges for all landfill locations would provide significant economic burden while producing no beneficial environmental outcome. Alcoa has previously suggested the use of weightometer measurements as a suitable alternative methodology for calculating waste volumes and we also suggest that the manual calculation method is retained.

Alcoa also actively reports its waste streams and how they are managed through its Part V EP Act environmental licences and its global sustainability reporting program. This provides significant transparency to both community stakeholders and government regulators regarding how Alcoa is managing its obligations and meeting its waste minimisation goals.

Once again, Alcoa thanks the DWER for the opportunity to provide feedback on its waste reform project. For additional information, please contact Diane Dowdell (diane.dowdell@alcoa.com.au).

Yours sincerely



Simon Butterworth

Chief Operating Officer - Refining