

## REVIEW OF NSW WASTE LEVY

### NSROC SUBMISSION -13 April 2012

#### Background

The Northern Sydney Regional Organisation of Councils (**NSROC**) comprises seven councils (Hornsby, Hunter's Hill, Ku-ring-gai, Lane Cove, North Sydney, Ryde and Willoughby) in the northern part of Sydney which have voluntarily come together to address regional issues, work co-operatively for the benefit of the region, and advocate on agreed regional positions and priorities.

The region covers around 680 square kilometers. The current population is approx 570,000 with an estimated population of around 680,000 by 2036. There are 194,000 dwellings with 60% separate houses, 25% high density and 15% medium density. An average 2.5 people live in each household.

Some 246,000 tonnes of municipal waste is generated in the region each year:

- 45% is residual waste
- 27% curbside recyclables
- 25% organic waste
- 6% cleanup waste

Overall NSROC region is already diverting 55% of municipal waste from landfill. This is higher than average and just below the NSW Government target of 66%.

In 2010-11 NSROC councils diverted 114,500 tonnes to landfill which equated to \$9.4 million of levies contributed from the region to state government.

#### Responses to the Review Terms of Reference

##### Impact on the recycling industry

1. *Examine any evidence presented that the application of the levy to recycling sectors is impacting on competitiveness or the attainment of maximum economically efficient recycling.*
2. *Review the effectiveness of the levy on recycling across different streams (i.e. Municipal Solid Waste, Commercial and Industrial Waste, and Construction and Demolition Waste) and make recommendations for improvement, as necessary.*

There does not appear to be any evidence of an expansion of recyclable sector as a result of the waste levy. There has been no substantial increase in recycling facilities in the SMA for domestic waste streams.

Some councils have observed a reduction in the amount of Construction and Demolition waste which may be attributable to the levy.

## Impact on household waste

3. *Analyse data and evidence presented and provide advice on the impact of the levy on households and the effectiveness of the levy in supporting greater resource recovery from household waste.*

NSROC councils have not found that the levy has significantly influenced household behaviour. Households are relatively detached from the levy. Therefore if the intention of the levy is to increase diversion its effectiveness will depend on the ability of councils to educate their residents and choose high recovery waste disposal options, if they are available. The levy is not therefore a successful instrument to influence disposal from landfill.

As diversion rates increase, the capacity for councils to continue to increase municipal resource recovery becomes incrementally harder. The experience of NSROC councils in waste management mirrors the comments of the Richmond Review: that is, achieving the remaining change necessary to meet the municipal waste targets will be considerably more difficult than the gains achieved so far. As noted NSROC councils are on average achieving a 55% diversion rate. NSROC councils have limited capacity to improve compliance at curbside separation level beyond the high standard that has already been achieved. Also the processing facilities currently available also limit Councils options for further diversion. As such the levy has very little influence on encouraging residents to reduce waste to landfill or recycle more.

Instead NSROC councils are now considering options for system enhancements and innovative waste materials management. This may extend to collective (regional) bundling of management and operations and/or associated infrastructure development of waste management facilities.

## Funding arrangements

4. *Review and report on the existing funding arrangements available to local councils and industry for waste and resource recovery initiatives, programs, infrastructure and combating illegal dumping.*
5. *Review and make recommendations on ways to improve the effectiveness of the levy in supporting investment in and the financial viability of resource recovery infrastructure.*
6. *Review the effectiveness of the Waste and Sustainability Improvement Program (WaSIP) delivery and identify funding priorities for waste and resource recovery initiatives, programs and infrastructure.*

## Waste Levy

The general NSROC view is that the waste levy needs to be fully hypothecated back to local government. Currently around two thirds goes to consolidated revenue and a third goes back to OEHL and councils via the WASIP program. These WASIP funds are further fragmented into broader sustainability related projects.

The current rate in the Sydney Metropolitan Area is \$82.20 per tonne, and for 2012/13 will increase to \$92.20 per tonne. There will be a levy increase of \$10/per tonne per year until 2015/16. However new factors such as the imposition of carbon taxes need to be considered and levy rates adjusted accordingly. A further adjustment that should be considered is an exemption of daily cover. Charging for daily cover is effectively over-charging compliant dumpers without generating an environmental benefit. If the levy excluded the required daily cover then it is possible that landfill operators could reduce tip fees.

Waste levy funding should be refocused into larger scale projects and issues. The State Government should be using the waste levy to fund research and development into new waste processing technologies, such as energy to waste, or set up partnerships with the private sector and assist in the development.

Broad financial and government support for these activities spreads the risk that councils cannot carry individually. For many years there has been a “catch 22” scenario in waste infrastructure investment where the private sector won’t invest in new waste facilities unless they have local government disposal contracts to guarantee feedstock. However, prudently, local government does not want to be locked into waste facilities for a long term contract with unproven technologies. Councils also do not have the resources to invest in some of the expertise needed for extensive research, due diligence and complex project management that may be required.

There needs to be partnerships developed that make it easier and more transparent for all parties to engage. This extends to allowing regional solutions and collaboration across councils. Councils are limited not only by the risk issues noted above but also statutory restrictions on collective activities imposed by the Local Government Act. Section 337 of the Act effectively restricts councils capacity to delegate to third parties to jointly raise funds, tender, negotiate and build infrastructure or profit making assets. This restriction applies across any regional activity or enterprise and limits councils market options compared with the approaches available to the private sector.

There is a distinct lack of land planning particularly in the SMA to enable new local and regional waste sites to be developed. Location of facilities is a critical issue however current planning mechanisms are not responsive. Councils need to be able to effectively plan collection points and activate potential sites for AWTs. Sites in urban areas such as northern Sydney require strategic positioning to minimise amenity disturbance and maximise necessary buffer areas and other environmental requirements.

#### **WASIP**

The WaSIP program significantly enhances Council’s ability to deliver sustainability outcomes for the community. The program provides a discrete pool of funds within the annual Council budget for sustainability projects and programs. A reliable source of funds is important for planning effective and efficient sustainability project/programs. Also, the inclusion of standards, provides a continual improvement platform and impetus for Councils to address sustainability innovation beyond the more obvious energy/water issues. The fleet, procurement, and event standards are examples where this impetus is creating sustainability outcomes that might not otherwise occur.

That said, there is scope to significantly improve the assessment process and criteria for WASIP funding. Firstly the current program does not allow WASIP funds to be used to continue programs implemented by Councils prior to WASIP. WASIP therefore discourages councils from continuing proven existing programs. For example Hornsby Council’s long standing and effective e-waste collection is being phased out as it cannot attract WASIP funding.

Secondly, WASIP funding reporting requirements and standards are becoming difficult and time consuming for councils without any reciprocal benefits or improvements. There is little analysis or feedback from the WASIP process about the effectiveness of the various programs. The timetable does not fit with Council’s budget / reporting cycles which makes it difficult to plan and implement programs within the specified timeframes.

Thirdly, some of the programs relate to organics avoidance and recycling but do not align with the reality of shortfalls in developments of relevant infrastructure or markets. As noted earlier, the long term preference is that the waste levy is fully hypothecated back to waste initiatives and that funds be directed into larger scale programs, research, and infrastructure projects that councils find difficult to do individually.

There needs to be a balance between sustainability programs and facility development and to achieve this it is recommended that two separate programs be drawn from the levy:

- 1) the existing WASIP program with some refinement that relates to long term environmental outcomes and performance assessment;
- 2) a second program that funds expert advice and financial assistance for the establishment of waste infrastructure in the SMA.

### **Review impact of illegal dumping**

*7. Assess any evidence that links the levy to an increase in illegal dumping in NSW.*

*8. Assess potential approaches for helping combat illegal dumping, particularly of asbestos waste.*

Different NSROC councils have observed some increase in dumping since the introduction of the waste levy. For example since AWTs have increased their charges for disposal of items such as mattresses and paint – these items are being more frequently dumped. Councils have also observed an increase in household clean up collections which may also reflect the increased cost of waste disposal at landfills and transfer stations.

Compliance activity and costs to councils for illegal dumping have increased. The fines imposed do not come close to recovering the costs of compliance and subsequent disposal. Consideration may be given in the NSROC region for a regional RID squad to assist in investigation and fines. This type of initiative would be ideal to fund through pooled member councils waste levies.

Asbestos dumping has increased slightly across the region. NSROC council officers suggest this is primarily due to the cost of disposal rather than removal as much of the dumped material is found appropriately wrapped. It is understood that recognising this issue Wyong Council reduced the charges of asbestos tip disposal which made it more affordable to dispose of properly. This option is not available to northern Sydney councils who do not have their own landfill sites. An alternative suggestion that would work for our region would be to remove the waste levy from hazardous waste.

### **Other matters**

9 *Make other recommendations as appropriate.*

### **NSROC Regional Waste Project**

In 2011 NSROC councils agreed to the development of a Regional Waste Project and member councils are now considering collaborative options for system enhancements and innovative waste materials management for the region. NSROC sees collaboration of waste management potentially increasing the diversion rate but also offering environmental benefits from reduced transportation, improved range of waste service options and direct community participation.

A key need is training to address a lack of expertise about new waste markets and systems. Increasingly waste must be viewed as a resource rather than a liability, and for its potential to be recycled, re-used or used to generate energy. As a part of this project, NSROC councils are keen to work with the NSW Government to pilot a “case management” approach in relation to the development of a regional solution for waste management.

### **Land Planning and Urban Design Issues**

NSROC sees land planning as a critical issue for future local and regional resource recovery and recommends that the State Government undertake an

- examination of land use planning instruments to enable effective planning of collection points and AWT and energy to waste facilities; and
- examination of business models for more place-based waste management with the expansion of municipal into commercial waste ie shifting the focus from waste source to waste type processing.

A further issue is the link between development, design and future waste approaches. In northern Sydney there are considerable number of MUDs and these will continue to expand with population growth. Flexible design which enhances and complements source separation needs to be included in future dwellings and local supporting infrastructure.

### **Drop off centres and transfer stations**

Councils are concerned about competing federal and state initiatives for the development of separate drop off centres. In regions such as NSROC where available sites are limited and traffic congestion a concern, there is merit in combining drop off centres within or combined with existing depots and transfer stations. This has become less viable since the privatisation of WSN, with all transfer stations in the NSROC region now privately owned, which would probably see operators attach a higher service fee than a public operation.

A further concern is that these private operators are not required to maintain the current configuration of transfer stations and may chose to sell sites for alternative uses. This opens up higher risks and lack of security for Councils in their planning and provision of local waste disposal services for their communities.

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