



RESPONSE TO NSW WASTE AND ENVIRONMENT LEVY REVIEW

Introduction

Managing waste is one of the traditional core responsibilities of local government and our councils are leading the way with innovative schemes to achieve the resource recovery targets set down by the NSW Government in the Waste and Resource Recovery strategy (WARR) strategy outlined in 2001.

Our councils have been responsible for collecting and managing some form of waste levy since 1971, which was originally established as a tax on local government based on the amount of waste going to landfills across NSW.

The intention of the State Government at the time of the legislation introducing the levy was to drive into alternate applications for waste that would normally be disposed of at landfill. An additional outcome was that revenue collected was to be returned to the industry in the form of incentives and grants to assist in the achievement of the Waste Avoidance and Resource Recovery (WARR) strategy.

However the success of recent recycling and resource recovery programs has decreased the amount of waste going to landfill and as such, reduced the proportion of the waste levy which is returned to local councils.

While recycling rates in NSW have increased from 45% in 2003 to 60% today, the biggest challenges remain in the area of household waste where recycling rates for 2008-09 are at 44% (2014 target is 66%). Commercial and Industrial waste over the same period recorded a 52% recovery rate (2014 target is 63%) and 73% for Construction and Demolition waste (2014 target is 76%).

The waste levy does not apply to waste that is recycled, so the more waste that is recycled, the less needs to go to landfill and the less levy needs to be paid.

The levy for our Western Sydney Councils stands currently at \$82.20 per tonne for 2011/12 and is scheduled to increase annually by \$10 a tonne plus CPI adjustments for the next five years which places a significant financial burden on our councils.

By 2015/16 it will have reached \$122.20 per tonne, in today's dollars, in the Sydney Metropolitan Area and is projected to generate about \$1.8 billion in revenue over the next four years.

This year, the total revenue raised through the Waste levy is expected to be \$360 million – however, only \$120 million – approximately one-third - of these funds will be allocated towards waste and environmental services. The remaining two-thirds goes into consolidated revenue.

Key issues

Meeting the resource recovery targets

While huge increases have been made in the amount and nature of waste materials which are recycled, ~~but~~ the levels are now plateauing.

The State Government has noted the need for new and innovative methods of improving the rates of recycling, including introducing best practice models of bin configurations and volumes and a renewed investment in education campaigns, especially those targeting CALD communities.

Changing behaviours

The current system of imposing the waste levy through general council rates does not encourage behaviour change at the source of the waste generation – ie, households and businesses.

Because the tax is directed at the council, there is little or no incentive for constituents to take additional steps to reduce their waste output.

WSROC believes the method of calculating and imposing the waste levy needs to be reassessed to ensure that the penalties and rewards are directed at the source of the waste generation.

This is particularly the case in the C&I sector where the recent review found that the waste and environment levy is not having a direct impact on the sector's waste generators because the levy is usually effectively hidden within waste collection contracts. However, this situation applies equally to households – particularly in medium and high density housing developments where bins are shared among a number of dwellings.

Need for innovation

Many councils are willing and prepared to undertake new and innovative forms of waste collection, management and resource recovery but do not have the funds to do this.

Need for increased allocation

Most of the money raised from the waste levy goes into consolidated revenue – not back into waste programs. Councils receive only a fraction of the money raised back in WaSIP program funding – more should be returned to allow more infrastructure and education programs.

The review should canvass the expenditure of the entire \$360 million being collected rather than just the proportion currently provided to Local Government (\$120 million), as more substantial works and improvements directly related to waste reduction and disposal technologies can be achieved with more funding.

More money for large scale infrastructure

The waste Levy inhibits BMCC from investing in similar locally relevant solutions because of affordability to the community.

Residents already pay the levy and therefore cannot afford additional charges – either gate fees or as part of rates - to fund waste infrastructure or upgrade council facilities and services. So council is hindered from making locality-specific improvements which could improve the rate of resource recovery within their LGA

Most Individual LGAs do not have the necessary economies of scale to make investment in large scale infrastructure such as Alternative Waste Technology (AWT) or organics processing will be essential to achieve this.

In addition, many of our LGAs do not have the volume of waste to make in feasible for each LGA to have their own facilities. A regional approach is needed for required feedstock volumes, economies of scale and market development support. In this case, the Government should look at making funding available to ROCs and other co-operatives to develop the facilities which can cater across LGA boundaries, as has been recently trialled by SHOROC solution at their Kimbriki facility.

The expenditure and allocation of funds being collected should be focussed on provision of infrastructure, such as Alternate Waste Technology (AWT) which would provide substantial increase in recovery, reuse and reduction in residual waste to landfill. The current partial return of funds under the Waste and Sustainability Improvement Payment (WASIP) Program is an effective Program which has assisted Councils in programs such as education, implementation of the Water and Energy Savings Action Plans, etc. These projects promote sustainability and go some way in promoting recycling and diverting waste from landfill, however, they simply do not go far enough. The provision of infrastructure is the best means to achieve or better the 66% diversion of waste target set by the State Government, but requires substantial focused investment.

Infrastructure should be provided to clusters of Councils which would enable commercial scale and viability of other technologies as the volumes of waste from a cluster of three to four councils would be sufficient to support an AWT. This would also ensure that the cost to the community is affordable and would encourage appropriate disposal and reduce illegal dumping in areas such as Hawkesbury and Blacktown.

Additional infrastructure funds could also be channelled towards the provision of additional local education centres and recycling/drop off facilities.

Need for innovation

The State Govt needs to work with industry and local government to provide better infrastructure projects for waste treatment, sorting and diversion, and waste to energy. This can be done by testing/piloting technologies in order for councils to meet the 2014 targets set by State Government. This investment will also bring about more competitive suppliers to the market, greater emphasis on research and development (R&D) and proven technologies through continuous improvement.

Potential impact on Carbon pricing

The effect of carbon pricing is not yet known but early indications suggest that it is likely to increase the cost of waste management and recycling to councils, and there has been no provision made to offset these costs. WSROC would like to see some of the waste recycling levy returned to councils to offset against the additional costs involved in operating after the introduction of the carbon price.

Managing Landfills

Clean fill (such as excavated sand and soil) is part of the essential infrastructure used to construct the landfill cell and for the intermediate and daily cover of the operating landfill. As such it is not disposed of to landfill but is used for essential operational purposes on site. As such it should not be liable for the Levy as its use in landfill maintenance is a requirement set down under the operating regulations by the NSW Government.

Furthermore the Government could consider allocating additional funds from the waste levy towards the rehabilitation and landscaping of landfills.

Asbestos

Australia has the largest number of asbestos related deaths in the world and by 2020 it is expected that more than 40,000 people will have asbestos related diseases in this country. With one in three homes built before 1982 containing asbestos this is a serious issue for WSROC Councils, whose jurisdictions cover the heart of Sydney's 'fibro belt'. WSROC has developed a detailed asbestos policy which establishes a framework for the safe removal and disposal of asbestos within the WSROC Council areas, in line with industry standards and community expectations.

Currently there are serious problems associated with the disposal of asbestos, and the perception in the community that it is expensive and time consuming to dispose of leads to wide-scale illegal dumping in open skips and parks and bushland.

WSROC strongly believes that a new approach to the disposal of asbestos is urgently required. As a starting point the Government should immediately provide exemptions for asbestos to remove the financial disincentive for appropriate disposal of this hazardous material.

Asbestos cannot be recycled and the public interest need for safe and regulated disposal far outweighs any additional cost.

Furthermore additional funds from the Waste Levy should be made available to councils and Regional Organisations of Councils where asbestos is an issue for monitoring programs and education campaigns to protect the public.

Timing of WaSIP payments

The administrative timing of the annual WaSIP Action Plan approval needs to align with the financial year.

The WaSIP timeframe does not take into account Councils' budgetary processes. While the process seems improved in 2011-12, Councils still receive final approval for our WaSIP Action Table late October early November, with funds available later in the year. This leaves only 8 months to spend the allocation. In order to align with council programs and budgets, annual waste and environmental actions need to be agreed upon and funding sources determined no later than the end of September to allow projects to be included in the annual budget and operational plans for the following financial year.

Recommendations

Given these concerns with the current operation of the Levy, WSROC supports a number of solutions put forward by our member councils including:

- Allow Councils to retain all, or a higher proportion, of the Levy with an agreed plan for its investment and annual reporting against the plan. This would allow local, issue specific solutions to be developed and implemented with a predictable income stream for their funding. This increased funding could then be used to accelerate (and expand) existing core waste avoidance and resource recovery / education initiatives, and/or subsidise the additional cost of Alternate Waste Technology (AWT) processing.
- Increase funding generated through Waste Levy could be allocated to education programs, particularly those targeting Culturally and Linguistically Diverse (CALD) Communities to improve understanding and awareness of recycling programs and processes.
- Those Councils operating their own facilities have the expense of managing and responsibility for resource recovery from Commercial & Industrial (C&I) and Construction & Demolition (C&D) waste streams as well as Municipal Solid Waste (MSW). In acknowledgment of this broader responsibility a proportion, or all, of the Levy collected for these waste streams should be made available to these Councils to support resource recovery of all waste streams at the Waste Management Facilities.
- A mechanism is needed to support regional infrastructure planning, development and operation, particularly for alternative waste technologies and organic waste diversion. Smaller LGAs do not have the waste volumes or benefits of economies of scale to make local resource recovery processing, or market development, feasible.
- Investment in new or alternative waste infrastructure should not be at the expense of the Environment Trust or WaSIP funds currently available to Councils.
- Clean fill which is brought on site for use in landfill maintenance should not be liable for the levy.
- Allocate additional funds for the management of asbestos in the community including monitoring and education programs to be run by local councils and make asbestos exempt from disposal costs when taken to an approved facility.

Amendments to the current operation of WaSIP and the Waste Levy

- Provide the funding at the beginning of the financial year, rather than four months into the year.
- Allow funding to be “banked” to allow for spending on high cost capital projects. For example, councils should be able to save up to two years worth of funding if required to spend on a single more expensive initiative.
- Broaden eligibility to allow offsetting expenses related to resource recovery facilities.
- Narrow scope of initiatives to those with a waste outcome.
- Advise the exact Levy amount for the coming year much earlier to assist Councils in their budget preparation process.
- Broaden the WaSIP standards of the discretionary funds component to allow funding allocation to projects that are not strictly “new” – thereby providing additional support for our Councils’ existing core sustainability/waste business.
- Consider making WaSIP and additional funds available to ROCs to be invested in cross-Council projects to take advantage of economies of scale and to address common issues. For example, illegal dumping (expand RID squad); waste education / promotion campaigns on avoidance or resource recovery; and new infrastructure provisions could be carried out on a regional basis.
- There is a need to review the proposed increases in the Levy in light of the carbon tax commencing 1 July 2012. The resulting increased cost of landfill from the carbon tax should directly contribute to the strategic purpose of the Levy by diverting solid waste (particularly organic waste) away from landfill via Alternative Waste Technology (AWT) recovery processes. Investment of the Levy into testing and improving AWT’s will ultimately reduce the cost burden and recovery productivity for Councils.
- The Waste Levy needs to be specifically linked to the new NSW Govt “*Reducing Waste – Implementation Strategy 2011-2015*” with better transparency and accountability as to the allocation of funds to meet the Strategy’s stated targets and five focus areas. Council is not aware of where the remaining Levy revenue is allocated nor how it is contributing to the achievement of the Strategy.

Specific recommendations from the Review

WSROC strongly supports the recommended enhancements outlined in the Government’s Strategic Review with particular reference to Enhancement 12 and 16 as detailed below.

Enhancement 12 – Funding better waste outcomes

Specifically link (via Enhancements 5, 8, 9 and 16) an appropriate component of the available waste and environment levy revenue (as per current levy settings) to improved waste reduction and management outcomes (including a link to greenhouse gas reductions) i.e.

make access to available levy funds dependent on environmentally responsible waste management performance and transition to best practice systems.

Enhancement 16 – Waste Infrastructure and Sustainability Fund

Progressively dedicate a proportion of waste and environment levy revenue to a Waste Infrastructure and Sustainability Fund (WISF) for councils and industry, up to 2014, to transition to best practice waste management systems (as per Enhancements 5, 8, 9 and 12).

The WISF should be used to leverage council and industry funding (and, where possible, Australian Government funding).

Thank you for the opportunity to submit our views on this important issue.

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