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Committee Secretary
Senate Standing Committees on Environment and Communications
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CANBERRA ACT 2600

Inquiry into the waste and recycling industry in Australia

Local Government NSW (LGNSW) is the peak body for local government in NSW, representing NSW general-purpose councils and associate members including special-purpose county councils. LGNSW facilitates the development of an effective community based system of local government in the State.

Please note that in order to meet the consultation deadline, this submission is provided in draft form in anticipation of LGNSW Board approval. LGNSW will advise the Committee of any amendments to the submission at that time.

LGNSW welcomes the opportunity to make a submission on the waste and recycling industry in Australia. Local Government is the primary provider of waste services for the NSW residential community. This submission therefore focuses on 'municipal' or 'household' waste management.

a. the quantity of solid waste generated and the rate of diversion of solid waste for recycling

The most recent *Local Government Waste and Resource Recovery Data Report* (NSW EPA) showed that 3.69 million tonnes of municipal waste was generated for the 2014-2015 period. Of this, councils recovered 1.77 million tonnes through a mix of recycling, composting, advanced waste treatment and refuse-derived fuel facilities. The remaining 1.95 million tonnes was landfilled.

d. the role of landfill levies in determining the end destination of material, including the hypothecation of collected levies for enforcement and waste diversion purposes

The waste levy is an economic driver for waste avoidance and resource recovery in NSW. The levy is applied to materials landfilled within the regulated levy area. It acts as a financial incentive to divert materials from landfill, and consequently to increase materials recovery. The levy also applies to residual materials which are sent to landfill following the recovery processes, for example the levy applies to contamination in the recycling stream when it is landfilled.

A market mechanism, such as a waste levy, requires a number of complementary intergovernmental approaches such as regulation and compliance, education, land use planning, transport requirements, and market incentives for recycled products to effectively manage waste. The levy alone does not solve any state's waste and recycling issues.

Illegal Dumping

The waste levy has produced some perverse outcomes. Regional and rural councils in the regulated area have seen a noticeable increase in the incidences of illegal dumping since the waste levy was introduced in 2008. This includes the illegal dumping of asbestos.

The costs of cleaning up illegal dumping (of any waste) where the offender cannot be identified usually rests with council, and often at considerable cost. Some councils have seen a tripling of the funds they must set aside for this purpose since the levy was introduced. Although some of the waste levy that is collected is re-directed towards addressing illegal dumping in broader awareness or compliance programs, the return on a council by council basis rarely matches the costs incurred by council.

Additionally, NSW councils are being charged the levy for the proper disposal of large scale, illegally dumped waste. Councils have said that it is a disincentive for public land managers to clean up these large piles of waste.

In relation to asbestos, councils support evidence-based incentives that encourage compliant disposal. Understanding the reasons for improper asbestos disposal is critical to finding the solution eg, is it cost, convenience, social acceptance, concerns about safety etc. Removing the levy for example, may lead to improved illegal dumping outcomes and should be investigated. We support the development of cost effective disposal options for asbestos waste that effectively balance exposure risks and costs, as well as severe fines for illegal dumping of asbestos particularly in high risk areas such as highly populated or visited places.

Hypothecation and infrastructure

While the NSW Government does return some of the waste levy to councils to support waste minimisation activities under the Waste Less, Recycle More program, these funds are only approximately 18% of the total revenue collected from councils. A fair proportion of this returned money must be accessed via competitive grants so that there are no guarantees a council will be successful.

While waste services are listed as an essential service under the *NSW Essential Services Act 1988*, NSW's future waste infrastructure needs are not being adequately planned and provided for via levy funds or otherwise. Following the sale of the NSW Government-owned business known as WSN Environmental Solutions in 2010, waste infrastructure has been developed in an open market responding to financial opportunity rather than need. As a result, the state's waste infrastructure is being delivered in an ad-hoc manner.

Sydney's waste infrastructure is under particular pressure with waste facilities being pushed further away from the source due to land prices and lack of availability of suitable sites. For example, a significant portion of residential waste is currently being disposed of/processed in Woodlawn, approximately 300km from its source. This is becoming an increasing problem as

Sydney's population density increases and property prices rise. In most cases, it is no longer viable for the waste industry to provide infrastructure where it is most needed.

LGNSW recommends the full hypothecation of waste levies paid by local government to be reinvested in waste management activities and infrastructure.

e. the role of different incentives and collection methods in determining the quality and quantity of material collected for recycling

Material for recycling is collected by councils in three main ways:

- Kerbside collections accept mixed household recyclables, including paper, newspaper, magazines, cardboard, plastic films and bottles, steel and aluminium cans, and glass bottles.
- Drop-off facilities allow residents to bring in recyclables, including electronic waste (e-waste), batteries, gas bottles, and oils.
- Clean-up services collect large metals and bulky goods.

The collection methods of kerbside recycling are influenced by the market value of the recyclate and community behaviour and expectations. Some NSW councils source separate materials, such as paper and cardboard, as a higher quality recyclate has more market value. Other councils have mixed waste and recycling collections that are processed at advance waste treatment centres as diverting recyclable materials from the general waste stream has proved challenging in some communities.

As councils respond to the unique community needs in their area, a range of practices and collection methods have evolved. This can lead to challenges in educating people on what materials can be recycled and the correct methods for disposal as there is not a consistent approach across council boundaries.

f. the destination of material collected for recycling, including the extent of material reprocessing and the stockpiling of collected material

Kerbside recycling is processed at 48 material recovery facilities (MRFs) across NSW. At these facilities, co-mingled recycling is sorted into various products either to be processed on site or sent off site for processing or re-use. Some of the sorted recycled material can be sold, and in some cases the MRF will pay for another facility to process it. However, as long as the MRFs receive a better price than the cost of landfill it is still worthwhile for the MRF.

Distance from recyclate markets and the cost of transporting the materials in regional and rural areas may mean disposal to landfill becomes a cheaper option. Under these circumstances, the MRF may decide to landfill certain recyclable material streams or councils may not offer a recycling collection service.

The NSW EPA sets volume limits on the stockpiling of waste products to stop de facto landfills and reduce environmental risks from leachate, odour etc. However, there is a view amongst some councils that for some inert and low risk recyclable materials it may be desirable to allow stockpiling to account for fluctuations in the demand and value of products.

The community expectation is that recycling efforts are realised; that the materials being separated will be recycled. Following exposure of the diminished glass market, there is reluctance by some to recycle at all. Similar problems are likely to occur with plastics, which are rumoured to soon be rejected from Asian markets. Councils and those tasked with delivering recycling to the community are in a bind because they have limited control over domestic or international markets for recycled materials. This is an area where Federal government intervention would be welcomed; real and productive domestic recycled product markets are desperately needed.

g. the current economic conditions in the industry, including the market for material collected for recycling

All spheres of government have a role in encouraging diverse markets for recycled material to achieve environmental and economic outcomes. For example, using recycled material in construction. Some NSW councils use crushed glass in road base, or recycled plastic composite as a replacement to timber etc. However there is always more that can be done to promote the use of recycled materials and it can often be a challenge addressing perceptions of material performance compared to the 'virgin' product, work health and safety concerns or price competitiveness. There is also understandably a reticence for a reprocessing industry to establish in the absence of an unconfirmed market for the recycled product, creating a catch-22.

j. any other related matters.

Energy from waste

With the dual benefit of managing waste and generating energy, NSW councils consider 'energy from waste' a viable option when dealing with residual waste where no higher order reuse or recycling options are available, providing appropriate environmental controls are in place. It is preferential for councils to process the waste and generate energy locally, under our environmental controls, rather than shipping it overseas. Barriers to waste to energy generation that would need to be addressed to encourage the development of these projects include:

- A restrictive waste to energy policy in NSW.
- A long and expensive process to enter into power purchase agreements established with an energy distributor.
- Poor financial incentives to enter into the market.
- Unfavourable public perceptions.

LGNSW recommends removing barriers to waste to energy projects to allow greater use of bulk urban waste and reduce the need for landfill.

Extended producer responsibility

While waste managers deal with processing the waste, facing issues of diminishing recycle markets, landfill capacity issues and more, these same waste managers have limited influence over the generation of waste in the first place.

LGNSW calls upon the Federal government to make real changes to reduce waste being generated by producers. Since the National TV and Computer Recycling Scheme, there has been little or no action to address waste issues at a national level. It seems the 2009 National Waste Policy, promising Product Stewardship (beyond just TVs and computers), better packaging and sustainable procurement has gone silent and a national approach targeting producers has ceased. The review of the *Product Stewardship Act 2011* (Cth) provides an opportunity to ensure the framework is fit for purpose and to reinvigorate action in this area.

Conclusion

The waste and recycling industry is a complicated system that needs a multi-faceted policy approach. A market mechanism, such as a waste levy, requires a number of complementary approaches such as regulation and compliance, education, land use planning, transport requirements, and market incentives for recycled products to effectively manage waste. LGNSW recommends that funds generated by the waste levy be returned to the communities in which they were generated and reinvested into waste infrastructure, management, compliance and education. LGNSW calls upon the federal government to support domestic recyclable materials markets and to act on extended producer responsibility.

Yours sincerely

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