

What are the key issues facing the NSW waste system?

Low status of waste and resource recovery in the planning system and as an essential service

Waste and resource recovery infrastructure and services continues to be given a lower priority than other essential services in the NSW planning system. The outcome has been inadequate planning and protection for this essential service that has contributed to a reliance on offshore waste processing that is no longer viable.

Lack of state-wide strategic planning for waste infrastructure

The current strategy established NSW targets without a state-wide infrastructure plan to manage and recover resources from waste to meet these targets. In light of the federal ban on exporting waste there is an even higher need for state level infrastructure planning and incentives for delivery of priority infrastructure for reprocessing and remanufacture.

Community, business and government need to be waste wise and recycle right

Waste generation continues to increase. State-wide waste avoidance and recycling campaigns could help to reduce this, the relatively high rates of contamination in our kerbside recycling system, and the public's low level of understanding and appreciation of recycling and sustainable consumption. State-wide avoidance campaigns tackling plastics and packaging could be modelled on the successful 'Love Food, Hate Waste' campaign.

Lack of investment in the sector through hypothecation of the waste levy.

The costs of building and modernising waste and resource recovery facilities are extremely high and there has been underinvestment resulting in an underdeveloped recycling system. This is despite the NSW Government having a ready stream of revenue through the waste levy to support the development of the system.

Quality, transparency and accountability of data

NSW's recently released *2018 State of the Environment Report* uses data up to 2015 and excludes recycling data.

Policy makers, generators, collectors and processors need good data and the lack thereof (at State and National level) inhibits policy and investment decisions.

The recent negotiations for the Container Deposit Scheme highlighted the lack of transparency and accountability in the system between contractors and councils. We need both to ensure that the community's recycling is managed responsibly, and they receive value for money.

Current WARR strategy targets

The current WARR targets based on tonnes diverted do not account for environmental impact. Targets for the new strategy should consider an environmental base. For example, soft plastics are an extremely small percentage of the waste stream in weight but have significant impact on land and marine environments.

State based targets should be supported by separate metro and regional targets that are potentially achievable within the life of the strategy, for example different organics targets for metro and regional areas.

Devolution of responsibility and costs from NSW Government to Local Government

The NSW Local Government Act 1993 provides councils with the broad service powers including providing waste management services, outlines what activities require council approval and sets out how councils can cover the costs of waste services. Councils are diligent in fulfilling their obligations under this Act.

The POEO Act sets out NSW Government responsibilities for illegal dumping, littering and licensing. The WARR Act 2001 promotes waste avoidance and resource recovery and provides for the WARR Strategy as well as extended producer responsibility. These are primarily the functions of the NSW Government. Through time these legislative functions have been devolved to local government with little support or ownership by the NSW Government.

Regulatory and policy settings

Governments can remedy market failures that result in materials being landfilled rather than recycled by policy and regulatory settings. The landfill levy is an effective policy lever, however the income generated needs to be hypothecated back to the industry to ensure appropriate infrastructure for managing resource recovery and reprocessing is built.

Regulating waste by *requiring* it to be recycled, banning it from landfill or requiring processing should be considered. For example, unprocessed organic waste is banned from landfill in Europe. It must be reprocessed into valuable products – compost and energy. Generating investment and jobs.

Existing fines for 'rogue operators' may not be significant enough deterrents given the current policy settings and should be reviewed.

No domestic pull through for recycle

Lack of domestic markets for domestic recycled content that has resulted in a lack of domestic secondary processing infrastructure.

No ownership of packaging and product design

Consumers and councils have been left with the burden of what to do with all the unwanted items in our households at end of life rather than producers being responsible for better product design and recyclability at start of life as well accountable for end of life disposal, particularly for problem wastes.

What are the main barriers to improving the NSW waste system?

- Regulatory uncertainty e.g. recent MWOO decision.
- Current waste definitions under POEO Act make resource recovery challenging in some instances e.g. utilising potential composting inputs
- Contamination of kerbside recycling at householder level and technological challenges of removing contamination through processing have resulted in poor quality output that is difficult to find markets for.
- There is a shortage of infrastructure for secondary processing of waste and remanufacturing of products with recycled content.
- There is little stable domestic or global demand for recycled materials so little incentive to invest in innovation and new capital. There has been an underinvestment by all levels of government in supporting domestic markets for recycled content leading to a reliance on offshore markets.
- Lack of planning at state and regional level for waste and resource recovery system and recognition of its importance as a priority essential service.
- Poor waste data and lack of data that inhibits policy and investment decisions.
- Lack of critical streamlined state level community education on e.g. waste avoidance, organics recovery, reducing contamination in kerbside recycling bins.
- Policy and regulatory red tape that discourages reuse, repair and remanufacture using recycled content.

How can we best reduce waste?

Educate the community, business and government to avoid generating waste

State level campaigns supported by local level behaviour change initiatives that build the community's, business and governments' understanding of the system, the impacts of their behaviour on the system, and promoting waste avoidance, repair and reuse as well as recycling the right way.

Reduce consumer packaging waste and hard to recycle products

Shift the cost of managing consumer packaging waste at end of life from local government to those who design and generate the packaging through product stewardship schemes for manufacturers, importers and distributors, including targets, bans, design and labelling requirements.

Encourage materials and products to remain in use for as long as possible

Capacity build and invest in the expansion of the reuse and repair sector and address barriers to buying second-hand and repaired products, including right to repair legislation for products that have significant environmental cost to build and discard.

Advocate for sustainable design of products (as opposed to inbuilt obsolescence) and incentivise through product stewardship systems.

How can we recycle better?

State-wide education campaigns to improve householder behaviour

State-wide education campaigns on the importance of recycling (including what recycled items become and who uses them) will encourage recycling right, reduce contamination and increase the purchase of products with recycled content.

Improve the recycling system

Improve material separation for kerbside recycling at household and MRF.

Review international best practice household stream separation options and compare with our current system to ensure we are using the most efficient and effective means of managing recycling for our Australian circumstances.

Develop an industry roadmap to give clear direction and regulatory consistency and certainty for investment, skills and capacity building.

Explore opportunities to standardise MRF outputs as part of the transition to 2025 national packaging targets.

Invest in R&D and technologies to support advanced waste and recycling separation at facility level.

Improve developer compliance with Waste Not DCP plans, particularly for commercial developments.

Introduce performance standards for MRF facilities.

Support the development of strong markets for recycled products and recovered materials to help stabilise the market value of recycled materials.

Mandate significant recycled content in all levels of government procurement guidelines and building certification systems.

Reduce contamination including hard to recycle materials and products

Phase out and provide economic and regulatory incentives to reduce the use of single-use plastics and problematic and unnecessary materials including those that are hard to recycle.

Encourage more competition and innovation

Strengthen collaboration for procurement of kerbside services to enhance competition and attract more competition and new investment in recycling.

Encourage new entrants and innovative technologies into the market.

Work with the Australian Government to:

- regulate / ban production and importation of hard-to-recycle materials;
- introduce producer responsibility schemes with binding targets to drive action by producers to take responsibility for the environmental impacts of their products; and
- Standardise packaging labelling and certify use of recycled content.

Improve recycling rates of C&I and C&D waste through mandated targets of recycled content in new developments.

What are the main opportunities for improving the NSW waste system?

Improvements to the planning system to prioritise waste and resource recovery

Improve waste and resource recovery outcomes for state significant developments, such as wind farms.

Prioritise waste and resource recovery within district plans, SEPPs and LEPs and evaluate the benefit of a SEPP for waste and resource recovery.

Strategically plan for waste and resource recovery infrastructure.

Transition towards a circular economy

NSW Government has a lead role in developing holistic policy approaches that support the transition to a circular economy with substantial commitment and investment from all levels of government.

Regional areas have the potential opportunity to develop localised circular economies through regional processing and remanufacturing of recyclables, bringing jobs and investment and overcoming the costly logistics facing communities trucking their recycling to Sydney/Brisbane for processing. Support would be required to secure stable markets for regional products made of recycled content.

Review the effectiveness of the waste levy

Local councils pay waste levies on behalf of ratepayers that are recovered through household rates. Waste levies currently have limited impact on reducing the waste generated by ratepayers,

as they have no direct financial incentive to reduce waste going to landfill, paying generally a flat fee for their waste. However, there is potential to structure a tiered waste levy to support initiatives that align with strategy objectives.

Only a small proportion of the levy paid by ratepayers is returned to councils for waste management and recycling programs. The NSW waste levy is used to fund other NSW Government priorities rather than reserving the revenue for waste management and recycling programs as its purpose.

A review of the waste levy including its effectiveness in reducing waste to landfill and promoting recycling and resource recovery would be appropriate.

The implementation of waste levies across Australia in an equitable and consistent manner, so that interstate transfer of waste is minimized, should be advocated.

Increased hypothecation of the waste levy

The NSW Government collects more than \$770 million each year from its waste levy but it only returns a small portion of that money – less than 20 percent - to waste and recycling services in NSW.

The NSW Government should fully reinvest its increasing waste levy revenue in better planning and management of our waste and recovered resources to drive a circular economy.

Stronger regional coordination of councils on waste and resource recovery

The model of the Metro Regional Waste Groups and the RENEW Regional Waste Groups supported by regional waste strategies that align with the NSW WARR strategy has been effective in: improving the delivery of WLRM programs; ensuring a conduit between councils and EPA staff; increasing regional collaboration for planning and joint procurement of waste and resource recovery infrastructure and services; knowledge sharing and capacity building of councils; regional scale campaigns to underpin council level behaviour change across the target areas of the WARR strategy. A commitment to fund and resource regional coordination for strong waste and resource recovery outcomes should form part of the 20year Waste Strategy.

Improved waste and resource recovery data

Better transparency and access to timely, robust and credible data so that best value can be achieved for the community. There is a lack of central coordination and management of waste sector data for informed decision making.

Design a framework for collecting, analysing and sharing state-wide waste and resource recovery data at LGA level in a timely way for informed decision making including:

- Improved timing of release and quality of the WARR data;
- A framework and funding source for consistent, quality compositional audits that bring cost efficiencies of scale;
- Research and development and/or support to introduce technologies for collecting data at remote facilities e.g. unmanned landfills; and

- Introducing systems for tracking and reporting on materials that are recycled and provide incentives for highest possible resource recovery.

Strengthen industry oversight

The introduction of the CDS and the China National Sword Crisis has reinforced that even though waste and recycling is an essential service, it is dominated by a few large and a handful of smaller operators with some operating with little transparency or accountability. When the impacts of China National Sword were felt, some operators demanded contract variations from councils to compensate for the reduction in commodity prices. When councils resisted, some were threatened with cessation of services. When councils sought to verify that cost variations were reasonable, some operators refused to provide detailed cost and income data citing commercial sensitivity. Councils experienced similar behaviour when negotiating Refund Sharing Agreements under the CDS. Operating in a rate-capped environment, councils were expected to accommodate substantial cost increases per tonne.

Councils seek the best value for their communities and the knowledge that their recycling is being responsibly recycled but without industry transparency and data this is difficult to know if achieved. Lack of transparency also discourages other price models such as cost/risk sharing to be responsibly considered.

Regulatory certainty and consistency

Recent regulatory uncertainty around MWOO output has undermined confidence in organics processing pathways and outputs, as well as resource recovery of other waste products.

There is need for the waste and resource recovery sector to be provided with clear policy directions underpinned by consistent regulatory certainty if the waste and resource recovery system is to improve.

Are there any additional views or information you would like to provide about waste in NSW?

There is little evidence available that the current WARR 2014-2021 Strategy has achieved its objectives. An evaluation of its impacts and effectiveness would be beneficial to ensure learnings are captured in the new strategy. Evaluation of the WLRM funding package to ensure the same in relation to an appropriate funding mechanism for the 20year strategy.

Strategy consultation should seek feedback on appropriate funding models for implementation with a focus on projects that deliver strategy outcomes that are identified by councils through regional infrastructure planning.

We appreciate the opportunity to be involved in the development of this Strategy and look forward to ongoing consultation.