

Australian Sustainable Business Group's

Submission on

NSW Waste Levy Review

July 2024



Sydney

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EXECUTIVE SUMMARY

The Australian Sustainable Business Group (ASBG) welcomes the opportunity to comment on the [Review of the NSW Waste Levy and its Issues Paper](#) (the Review/ Issues Paper)

The Australian Sustainable Business Group (ASBG) is a leading environment and energy business representative body that specializes in providing the latest information, including changes to environmental legislation, regulations and policy that may impact industry, business and other organisations.

ASBG recommends that a new philosophy be used for the setting of the waste levy based on what ASBG calls the Landfill Hierarchy. One where the punitive cost burden on landfill disposal is replaced by recognition that certain waste types are required, beneficial, or preferential to be landfilled and consequently receive a levy discount, with other general solid waste charged at the full levy rate. Recognition that recycling certain wastes will harm the environment more, but consuming natural resources; energy, water, chemicals etc, than sending the waste to landfill. The lack of reasonably available recycling or other processes will also identify wastes which should be landfilled, until such infrastructure is available.

NSW must change its past use of the waste levy revenue of consolidation with general revenue, to one where it is hypothecated to NSW's waste management. This process will be in the form of a recommended new waste authority, which will:

- Ensure cooperation with Local Governments, especially in the greater Sydney area and provide appropriate and adequate waste infrastructure including adequate landfill space.
- Undertake scientific assessments and strategic reviews, then implement them.
- Develop strategies to work with local communities to enable siting of all types of waste management infrastructure.

As landfills and most other waste facilities attract opposition at the planning level, a recommended new approach of rewarding communities, which accept them, needs to be developed and implemented. Currently, the substantial commercial risks are too high for many such facilities including EfW, landfills etc. Consequently, the waste authority would play a key role in a cooperative arrangement with Local Government and the private sector in better dealing with communities and siting of waste facilities.

Other recommendations include:

- Capping the waste levy increases to CPI, in effect no change, but to add \$10/t would make NSW the highest landfill taxed jurisdiction globally for general solid wastes. ASBG finds that the waste levy is rather ineffectual at increasing % resource recovery rates and other methods are required and are discussed.
- Using the waste levy revenue to ensure there is adequate and appropriate waste infrastructure to deal with NSW's waste types, volumes, residues etc. This includes the urgent need for more landfills in the greater Sydney area, Energy from Waste facilities, recycling facilities and other waste management methods.
- Location of waste infrastructure close to the main sources of generation will limit long haul and interstate movement of waste, reducing environmental costs.

RECOMMENDATIONS

ASBG recommends the NSW Government:

R1:

- Change the purpose of the waste levy to make it a far sharper and variable tool to use to better manage waste to landfill.
- Adopt a Landfill Hierarchy for the set of waste types which should go to landfill
- Use at least 5 levels for provision of waste levy discounts to waste fitting in the above.
- Ensure sites receiving these discounts to demonstrate they meet a specific standard.
- The EPA to develop waste to landfill levy discount standards for common waste and industry sectors.
- Permit an application process for an industry or site specific standard to be used.

R2:

- Legislate a new Government waste authority to perform similar functions to that of Victoria's Recycling Victoria.
- Hypothecate the NSW Waste Levy revenues to NSW waste minimisation and management.
- Introduce an innovative level waste management Environmental Protection Licence sub-category, where a period of a few years permits improvements in processes and systems and not punitive actions in response to incidents or breaches, unless agreed improvements are not implemented.

R3: Cap the maximum waste levy increase on General Solid Waste to the current + CPI rate in the Metropolitan Levy Area and Regional Levy Area.

R4: Remove the liquid waste levy.

R5:

- Expanding NSW's recycling and waste management infrastructure, where the waste levy revenue can assist where appropriate.
- Ensure there is enough landfill capacity in the local NSW areas to enable the disposal of residual and other wastes, which have no other reasonable option.
- As above but to support Energy from Waste (EfW) facilities in dealing with suitable calorific valued residues.

R6:

- Use of the waste levy revenue to assist in supporting all appropriate waste infrastructure planning approval projects, especially new landfills for the greater Sydney area.
- Avoidance of long haul waste transfers within and exported out of NSW, by provision of suitable waste infrastructure at strategic locations closer to sources of generation, especially waste generated in the greater Sydney area.
- Avoidance of interstate waste transfer driven by lack of suitable waste infrastructure, especially in the Greater Sydney area.

1 OVERVIEW

The Waste Levy has undergone a number of transitions over time. It was first introduced in the 1970's to fund the Metropolitan Waste Disposal Authority, where it was less than \$1/t for many years. In the 1990's after the EPA took over waste enforcement practices, it was based on science; direct impacts including amenity costs, greenhouse gas emissions and environmental harm impacts. At the time the combined amount was calculated at around \$27/t¹ maximum in 1996 \$.

By 2009-09, the revenue from the levy was too attractive, and a regime of large increases of CPI plus \$10/t per year² was added and gone was the scientific justification. Landfilling waste was philosophically bad, placed into the same type of category as a vice, like tobacco, alcohol etc. and taxed accordingly.

At the time the official reason was to improve resource recovery and change the disposal society to one where resources are recycled; the circular economy. However, there was another reason; that to discourage new landfills largely due to their high unpopularity with any local community. Hence, if less landfills are required in the future then there is less controversy and negative voter outcomes. However, the very high levy, now at \$172.10/t, will not be the main divergence means away from landfill, soon it will be a lack of landfills. This tips the reason for the waste levy upside down, in effect it and the planning system has been too effective and in the greater Sydney area landfills will largely run out in under 4 years. As a consequence, landfill space is being seen as a valuable resource, not to be wasted, but limited to those wastes which there is no other reasonable option.

NSW also stands out among other Australian states as having the highest waste levy on general solid wastes. Much of other states increases were done to minimise NSW waste leakage in to their valuable landfill resource. NSW has the third highest landfill tax rates globally. As shown in Figure 1 only Belgium and UK have slightly higher rates at around \$180/t. A simple CPI increase will make NSW landfills the highest taxed globally. Note that Europe has much stronger protection measures on local jobs and internal costs than does Australia and generally higher resource recovery rates.

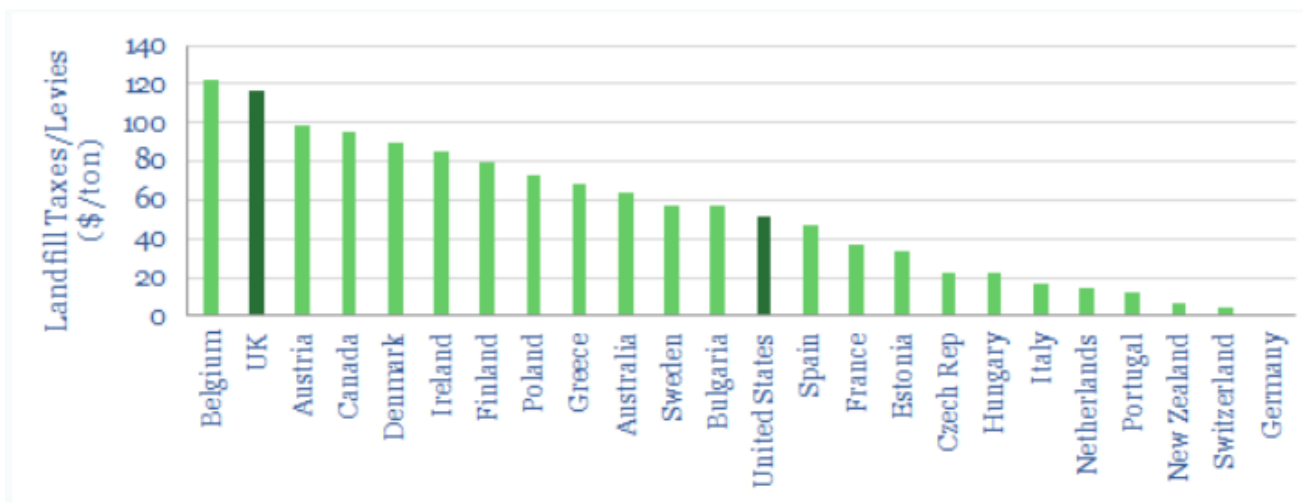


Figure 1 Landfill Tax rates in US\$/t 2022-23³

¹ The [Waste Minimisation and Management Regulation 1996](#) had the Sydney waste levy set at \$15/t in 1997.

² The \$10/t +CPI increases occurred until 2015-16 when it switched to CPI increases only. MLA at that time was \$133.10/t

³ See [Thunder Said Energy Landfill costs](#)

The Review focuses on the simple demand vs cost issues related to the waste levy. For example, the Issues Paper states a 1% increase in waste disposal results in a 1.2% decrease in C&I waste to landfill. Due to the interrelationships between, landfills, recycling facilities, other waste infrastructure and their strategic planning, undertaking a review of the waste levy as a separate exercise is considered too simplistic as it's an integral part of the entire waste strategy, in terms of income, price disincentives and incentives and revenue distribution back to proper waste management. ASBG considers the Review should have been part of a more holistic approach focusing on the imposition of the levy and also the strategic review, planning processes and implementation of waste infrastructure and management in NSW, with the waste levy being a major funding source of such initiatives. This submission attempts to cover these issues as well as they are linked to any waste levy review.

In addition, a change in philosophy of the waste levy is required. Currently its philosophy is to solely discourage waste going to landfill, regardless. The new philosophy should be one of valuing landfill space and selectively permitting certain wastes, which qualify to go to landfill and discouraging wastes, which can be managed by better processes. The Issues Paper does recognise that landfills in NSW are an essential part of NSW's waste management infrastructure. It does not state there will always be some wastes where it is environmentally more beneficial to landfill rather than to recycle or undergo other processes⁴. ASBG agrees that a portion, of wastes, should be managed / minimised better rather than go to landfill. Noting that this is a much smaller than in the past and shrinking portion of all wastes. Hence, for these wastes a full levy is required for such. As a consequence, the waste levy, needs to provide an appropriate price signal, i.e. a levy discount, for wastes which are best disposed to landfill, due to current circumstances.

ASBG further proposes splitting the function of the waste levy into main two parts:

- The collection of the waste levy revenue where it can have a suite of discount rates applied to material that can't be avoided, reused/repared or recycled can still be safely disposed of.
- The allocation of the waste levy revenues to assist in supporting effective and efficient waste infrastructure, including support for its planning consent and waste minimisation actions.

On collection of the waste levy:

- Provide a clear price signal to direct appropriate waste streams to waste minimisation⁵ actions (this includes the full suite of measures).
- Avoidance of interstate arbitrage and long haul waste transport based on waste levy differences
- Enable a set of waste types, a waste levy discount to landfill disposal to encourage upstream recycling and processing in all forms and discourage illegal dumping etc. such as residuals from recycling and others.
- Set a waste levy rate carefully for legally landfill directed wastes, such as asbestos, to avoid illegal disposal, dumping and reclassification of waste types.

On expenditure of waste levy revenue:

⁴ There are many examples, such as natural disaster wastes, asbestos wastes, etc. see chapter 2.

⁵ Waste minimisation refers to a broad set of actions to increase resource recovery and reduction to landfill. It includes; avoidance, recycling, reuse, increasing such infrastructure, encouraging internal actions etc.

- Ensure the waste levy revenue is fully hypothecated to support waste minimisation actions, including recycling.
- Expanding NSW's recycling and waste management infrastructure, where the waste levy revenue can assist where appropriate in its location, strategic needs, planning and supply of waste materials
- Ensure there is enough landfill capacity in the local NSW areas to enable the disposal of residual and other wastes, which have no other reasonable option
- As above but to support Energy from Waste (EfW) facilities in dealing with suitable calorific valued residues, as this will reduce waste required to go to landfill.
- Use of the waste levy revenue to assist in supporting all waste infrastructure planning approval projects.
- Avoidance of long haul waste transfers within and exported out of NSW, by provision of suitable waste infrastructure at strategic locations closer to sources of generation, especially waste generated in the greater Sydney area.
- Avoidance of interstate waste transfer driven by lack of suitable waste infrastructure, especially in the Greater Sydney area.

This submission covers many of the issues above.

In relation to the Review there are a number of issues, which require addressing including:

1. **New Waste Levy Philosophy:** The relationship between waste avoidance to landfill and the waste levy rate requires a new philosophy which ASBG recommends. ASBG proposes NSW adopt a new approach to how the levy is charged. Starting with Queensland's 50% levy reduction for certain recycling facilities. This should be expanded further to assist with the disposal of residue wastes and other waste types where it is more environmentally beneficial to landfill than to dispose of and other reasons.
2. **Limited Waste Levy Increases:** Referencing recovery rates to waste levy rates around Australia shows that it is not a direct linear relationship. A higher recovery rate is achieved using an effective Government agency focusing on waste reduction is far more effective than utilising a waste levy alone. Also addressed in this section is an issue with the liquid waste levy.
3. **Effective Use of Waste Levy Revenue for Waste Management:** Currently very little of NSW Waste Levy revenue is recycled back into waste minimisation and to waste management. At best only 15% of the waste levy revenue has been allocated, with many years at 0%, with the long term average below 10% p.a.. Far more financial resources should be allocated back to waste management from the near \$900m p.a. the levy extracts from landfills. Changes to the amount, variations and allocation of revenue of the waste levy, should be considered with NSW Waste Infrastructure Plan and the need for new Sydney Landfills and recycling infrastructure.

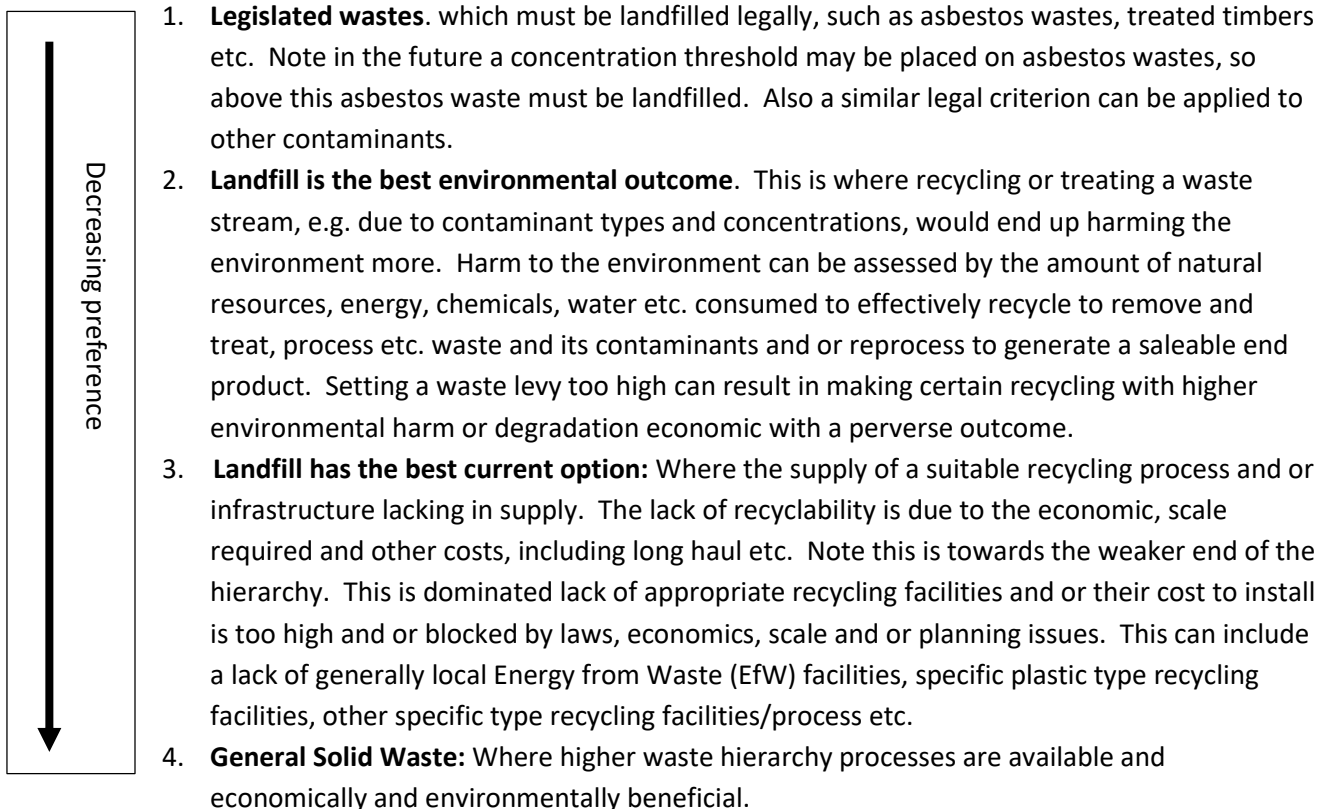
2 A NEW WASTE LEVY AND LANDFILL PHILOSOPHY

The current purpose of the waste levy is as a blunt economic instrument designed to reduce waste to landfill, encourage waste diversion and recycling as well as generate funds for environmental projects. As, in part identified in the Issues Paper, this philosophical concept this is outdated and over simplistic. ASBG agrees with the Issues Paper's direction, but goes further that a new philosophy on a waste levy's purpose is required; removing its blunt actions to make it a sharper instrument supporting waste material that can't reasonably avoid landfill disposal.

ASBG's approach is to identify the wastes types which are environmentally beneficial to be disposed of to landfill. ASBG proposes a **Landfill Hierarchy** categorising waste types which should, at the time be sent to landfill in order of preference:

Landfill Hierarchy

Waste types which are suitable for landfill disposal in a preference order



Based on the hierarchy ASBG considers a variable waste levy rate should be applied. ASBG notes that Queensland has a 50% levy reduction for residual wastes from seven types of recycling facilities focusing on the recycle inputs. Their approach tends to sit with 2 and 3 in the hierarchy above. Queensland's 50% levy reduction for recycling residuals is only provided if the recycling facility can demonstrate it meets or exceeds a standard recovery rate, e.g. paper & cardboard a 65% recovery rate. Obviously this is measured using a standard and use of auditors to verify the results.

ASBG considers NSW should expand on the Queensland's approach, but also supporting good waste minimisation practices across a broader section of industries, not just waste facilities. An example of the

type of variable waste levy rates would could apply including the following sub-classifications under General Solid Waste:

- 1) **Legislated waste type must go to landfill** – The waste levy rate be set at an amount, which does not incentivise illegal dumping, such as, for asbestos etc. This requires carefully assessment to set a levy rate, likely a significant portion less than the standard levy rate for General Solid Waste. Note setting a zero levy rate will encourage more waste to be declared asbestos waste (or other wastes) just to receive the lower gate fee. Careful setting of a levy rate is required, noting that testing, specialised transport, handling and disposal costs should be at least off-set as a minimum, but not too low.
- 2) **Environmentally beneficial to landfill** – This would include certain wastes under the Landfill Hierarchy 2. This would include wastes:
 - a) Containing certain substances above concentration thresholds (e.g. but not above TCLP1/SCC1)
 - b) Certain residues from recycling facilities which are environmentally better disposed of to landfill due to any further downstream recycling or treatment process, such as EfW ash etc.
 - c) Other waste streams, which are not suitable for recycling due to the high environmental impacts. Highly contaminated wastes could fit in this level. As identified in the Issues Paper solving these waste types requires more than a waste levy discount, but should be encouraged to be landfilled until an alternative solution is reasonably available.
 - d) ASBG considers a 50% levy discount applies across the board to this category, though some recycling types (e.g. metals) may qualify for larger discounts.
- 3) **Residues from recycling facilities**, provided they meet certain efficiency criteria, which do not fit in 2. This would fit the majority of recycling facility residues where there are no downstream facilities available locally or overseas. However, downstream recycling processes or use of EfW are viable options but are unavailable. For example, disposal using an EfW process. Again ASBG considers a 50% levy discount would apply for many of these wastes. However, some like metal recycling, a higher rate should be considered given the alternative to export the recyclates overseas.
- 4) **Residue and processed wastes from C&I and C&D sites**, which meet an industry standard for separation & onsite sorting, processing, recycling etc. i.e. have meet reasonable waste minimisation actions. This would require the establishment of standards, in which source separation, onsite recycling or other processes are used on the waste streams. Under this scheme it's the processes used which would be assessed, not necessarily the residues or the recovery rate. For example, if a manufacturer met the standards required then their waste streams are provided with a % waste levy reduction rate. Note wastes from this category may fit under 2 or 3 in the Landfill Hierarchy.
- 5) **Other Waste Requiring Landfill**: Other specific wastes where landfill is the better option – a catch all for certain other waste types not above. For example, could include; disaster wastes, community clean ups, specific project wastes, etc. However, unforeseen wastes may be considered and assessed on a case-by-case basis. This would require a levy discount application process to be made available.

To meet all the above waste levy discounts, sites would need to comply with a standard for their waste minimisation operations. Obviously this would vary from industry-to-industry, recycling facility type etc. ASBG understands the development of such standards would require resources, however, for industry based standards, an application process could be made available provided it met with a set of broad conditions. Also required is some form of identification and electronic tagging of such wastes so the landfill gate house can apply the appropriate levy of discount. Given that there are multiple levy discounts for landfill operational materials and cover, this should not be a significant change.

In outcome, the more comprehensive set of waste levy discounts, for multiple levels of levy percentage discounts, or alternatively a set amount discount (e.g. \$100/t off the rate), would encourage the expansion of recycling facilities and internal industrial arrangements to further minimise waste to landfill in NSW by making these options more economically attractive.

It is the wastes which do not fit in to the above 5 categories where the full waste levy rate should apply.

R1 ASBG recommends the EPA:

- ***Change the purpose of the waste levy to make it a far sharper and variable tool to use to better manage waste to landfill.***
- ***Adopt a landfill hierarchy for the set of waste types which should go to landfill.***
- ***Use at least 5 levels for provision of waste levy discounts to waste fitting in the above.***
- ***Ensure sites receiving these discounts to demonstrate they meet a specific standard.***
- ***The EPA to develop waste to landfill levy discount standards for common waste and industry sectors.***
- ***Permit an application process for an industry or site specific standard to be used.***

3 WASTE LEVY AND RECOVERY RATES

3.1 Waste Levy's Decreasing Impact

ASBG prepared the following charts below showing:

- The waste levy rate \$/t for General Solid Waste (GSW) in the high waste levy area by state from 2010-11 to 2024-25
- Resource Recovery rate, generally from DEECCW's National Waste Reports from 2010-11 to 2020-21⁶

These charts when compared together agree with the finding in the EPA Issues paper that the resource recovery rate has stalled for at least 5 years, not just in NSW, but across most jurisdictions.

South Australia (SA) has led in resource recovery despite having a much lower waste levy rate NSW and Victoria. In fact, increasing the waste levy there shows no significant improvement in resource recovery since 2015-16 despite its waste levy rising by 88%. The main reasons why SA has a 13% (80%) higher resource recovery rate than NSW has been put down to the following reasons:

- SA has the highest hypothecation rate of landfill funds to new services and recycling infrastructure. NSW has a by far a lower rate of generally on average less than 10% p.a. over 20 years of its waste levy revenue back to supporting waste minimisation actions.
- SA has a dedicated department who's job it is to grow recycling (which is separate from the EPA regulator). NSW sold off the Waste Service, which had this role in diminishing terms upto 2010.
- SA was a very early adopter of Container Deposits

At 80% resource recovery, South Australia, stalling of its recovery rate has, among other reasons, probably hit the contamination level vs cost issue. In other words, the cost of removing contamination levels rises by exponentially. It would appear this has been somewhat reached for certain recycle types, where the costs are simply too high due to contamination levels to be undertaken. See landfill hierarchy item 2.

Western Australia's and Queensland's charts show it has achieved the largest resource recovery gains, but also has the newest waste levies and are also the lowest recovery rates. It's akin to where NSW was in the later 1990s. This again shows at lower rates, and when first introduced, waste levies show a considerable improvement in recovery rates over landfilling. However, this rate in all cases shows the waste levy to recovery rate plateaus and hits a ceiling.

Victoria has long hypothecated its waste levy revenues to Sustainability Victoria and other various waste funds. More recently is the new Recycling Victoria reinvents NSW's old Metropolitan Waste Disposal Authority roles, but state-wide. Also from Chart 1 below, Victoria's levy rate has been far lower than NSW's but is only now approaching it, yet has achieved better to similar % resource recovery rates, than NSW, as shown in Chart 2. Again the main differences include the hypothecation of levy funds and formation of a separate waste agency to that of the EPA. It seems planning and managing wastes separately from environmental protection has advantages.

⁶ See DCCEEW's [Waste Publications and Data webpage](#)

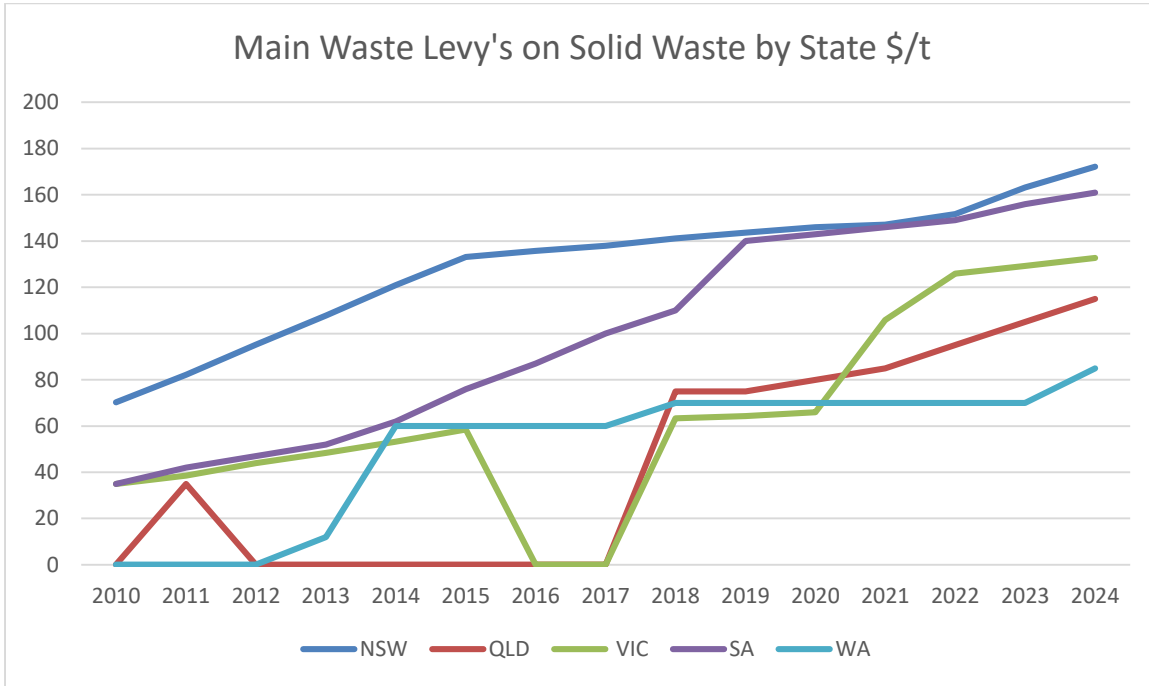


Chart 1: Showing the highest GSW waste levy rate in each State between 2011-12 to 2014-25

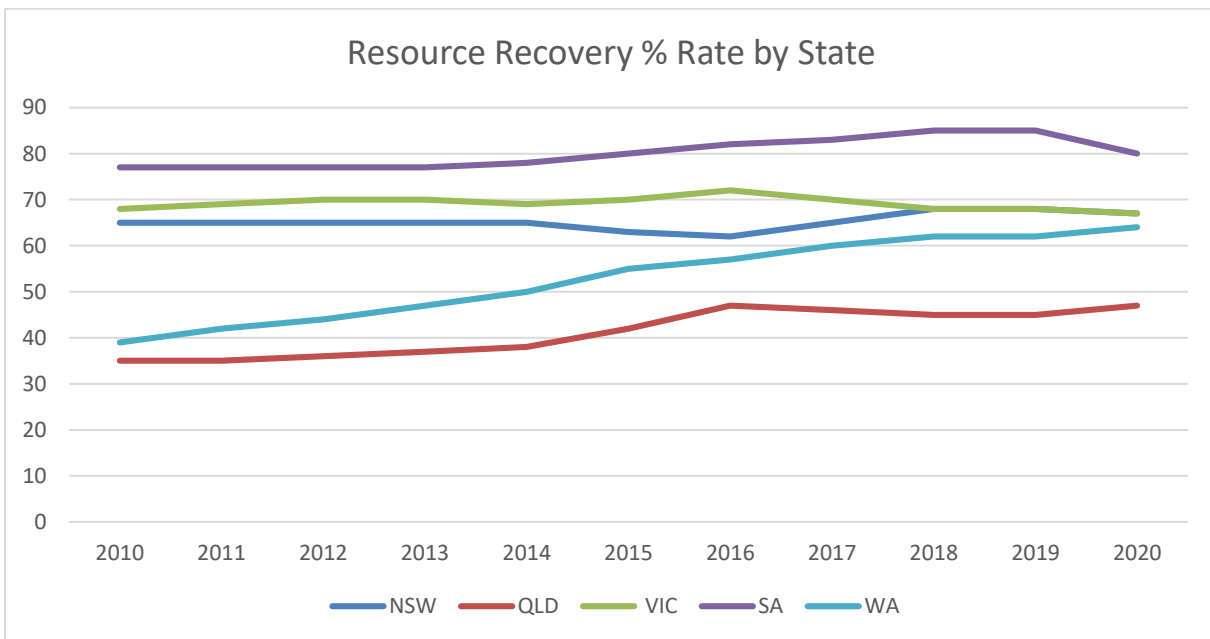
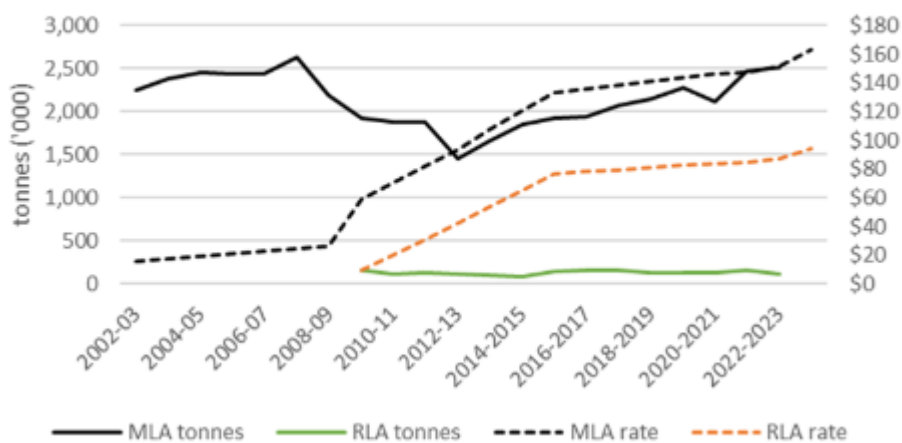


Chart 2: Showing the average percentage recovery rate (not recycling rate) of wastes in each State

The Issues Paper attempts to justify some increase in the waste levy rate. For example, the chart showing the performance of C&I waste vs waste levy rates in NSW. This chart, below from in the Issues Paper is somewhat confusing if not a bit misleading.

Volumes of C&I waste disposed compared to waste levy rates



This chart clearly shows the tonnes disposed of, whereas ASBG charts 1 & 2 show the overall % resource recovery. Showing tonnes disposed does not take into account changes to the sector, such as MSW and population. Missing is the reverse of landfilled tonnages, where it is assumed that % recovery is in proportion, but this is an assumption. For C&I wastes it's important to note NSW manufacturing employment slightly decreased from 2013 to 2024. On this basis the effect of the waste levy is small, suggesting that other actions should be considered to improve this and other sectors. Even with the 1% increase in levy = 1.2% increase in recovery % is a small effect and subject to errors. As another action, ASBG puts forward the use of a levy discount for industrial sites, which can demonstrate they meet a certain standard for waste minimisation (see Chapter 2). This should be an effective new method, it would favour larger industrial site, where the cost of application is small compared to their waste costs. For smaller C&I sites, perhaps the implementation of the EPA's Bin Trim program can qualify for a levy discount.

ASBG questions the point of this statement in the Issues Paper: *By incentivising the diversion of waste from landfill, the waste levy can alleviate pressure on residual waste services and infrastructure capacity.* Yes, the next sentence modifies this, but there is that the remaining old philosophy here. This would only be true in an ideal system if there are adequate recycling facilities, which can also recycle residues. Perhaps the installation of new EfW facilities is envisioned? While more can be done to source separate waste materials, such as done in Europe for kerbside, high contamination levels still remains a major issue. However, simply raising the waste levy rate and expecting a reduction in landfill disposal has many flaws. Local recycling requires reasonable costs for disposal of their residuals, and this should be a main point under consideration.

Overall, NSW waste levy is one the highest globally. Its effectiveness in increasing % recovery has diminished to the point of ineffectuality and shown in multiple jurisdictions. Most other states use the waste levy revenue to improve its waste management, except NSW, where the waste levy seems largely used to fill consolidate revenue. Hence, NSW's landfills users are paying for other NSW Government actions with little going to NSW waste management improvements. ASBG hopes this position will change, or the levy will be largely used as a revenue generation method for non-waste actions, a sad and inconsistent with other jurisdictions positions. In addition, a lack of landfill space, especially in the greater Sydney area will see a large chunk of NSW's levy revenue leak to other states. This is on the premise that the vast majority of Local Government controlled landfills will simply reject Sydney's waste, about 80% of NSW total. So the current

\$900 m p.a. will greatly diminish anyway. ASBG considers that major changes are required to the waste levy allocation of revenue including:

- Hypothecating all the waste levy revenue to NSW waste minimisation and management. Allocation of such funding to various waste minimisation actions would include:
 - In part CAPX funding for specific recycling facilities and recyclate collection systems
 - Funding support for new waste projects to deal with the Planning process invariable objections. This could be in the form of local community benefits to off-set local amenity loss etc. or assistance in negotiations with various community groups to appropriately reward them on acceptance
 - Support to meet the EPA and other Government agency's requirements from an environmental compliance position at the planning stage
 - Budget requirements for the proposed new agency (see below)
 - Ongoing grants and similar funding for various projects relating to waste management
- Making a new Government agency, separate from the EPA with the main purpose of planning and provision of appropriate and adequate waste management and recycling infrastructure, including new landfills and EfW facilities. This may require powers to require a combined set of Local Government areas to manage their wastes efficiently and cooperatively –similar to Recycling Victoria. Also to study assess and develop effective waste management and waste minimisation programs and strategies to achieve a high resource utilisation rates.
- EPA to enable an innovative pilot plant and commercial test plant size developments, which permit a long commissioning process, e.g. up to 2 years. This extended commissioning time frame is to permit the occurrences of reasonably unforeseen incidents, where improvement mechanisms are used rather than penalties or other punitive outcomes.

R2 ASBG recommends the NSW Government:

- ***Legislate a new Government waste authority to perform similar functions to that of Victoria's Recycling Victoria.***
- ***Hypothecate NSW Waste Levy revenues to waste minimisation and management.***
- ***Introduce an innovative level waste management Environmental Protection Licence sub-category, where a period of a few years permits improvements in processes and systems and not punitive actions in response to incidents or breaches, unless agreed improvements are not implemented.***

3.2 Limits to Levy Increase

ASBG considers that there is an upper limit to increasing the NSW waste levy. This is due to:

- Lack of Landfill Space, hence future revenue.
- Export via long haul to other states, due to arbitrage gate fee differences.
- Non-Sydney Local Government run landfills likely to block Sydney Waste from acceptance.
- Environmentally harmful outcomes resulting from long haul waste transport, within NSW and exported out of NSW to other states and territories.
- Economic impacts on recycling systems which generate a residual waste stream where landfill is the only real option.

3.2.1 Lack of Landfill Space

The lack of available landfill capacity around much of NSW limits the ability to raise revenue via the waste levy. Greater Sydney will run out of non-putrescible landfill space by 2028 and putrescible landfill space by 2036 according to the [Waste and Sustainable Materials Strategy 2021-2041](#). Given the high opposition to any new Sydney waste directed landfill anywhere in NSW and that it takes 10 years or more to undergo appropriate planning processes, the Sydney area will have no option but to export its wastes likely to commercial landfills in Queensland again. As a consequence, of such export on the majority of NSW's waste stream to landfill, the waste levy will suffer a major drop in revenue collection. This is predicated on no new landfills being opened in the next 10 to 15 years.

Until the supply of suitable landfill space is made available to the greater Sydney area, there is a limit to the revenue the levy can generate. When Greater Sydney runs out of landfill space it will suffer from considerable opposition to its wastes being accepted elsewhere.

At issue is would significantly increasing the waste levy help? ASBG considers the answer is simply no, as it would just encourage long haul transferences of waste. This simply does very little to fix the problem.

3.2.2 Export of Waste to Other States

Setting the waste levy too high will again result in long hauling of wastes (especially Sydney's) to other states, especially Queensland. Why Queensland? For two reasons; Firstly, there are a number of commercially run landfills near the border, which will accept waste as they are not subject to Local Government politics. Secondly, the cost of holding a landfill Environmental Authority is much lower than holding a Waste Facility Environmental Protection Licence (EPL).

During 2019 some 1.4 MT of NSW's waste went to Queensland, due to the arbitrage between gate prices. At the time a difference of \$80/t or less was required for a profit to be made. Sending wastes to Victorian landfills is another option, but most are operated by Local Government, (see 3.2.3) ASBG estimates that a \$30/t NSW waste levy increase would reintroduce this arbitrage again given the landfill gate fee gaps. Queensland will likely increase its levy again, but will take a few years.

There are legal arguments over the ability of landfills to restrict waste to local areas, as this may mean breaching [s92 Australian Constitution – free trade between states](#). Regardless, Queensland will benefit from a much increased revenue stream, taking money from NSW Government if the waste levy is set too high.

3.2.3 Blockage by Local Governments

NSW non-Sydney landfills are generally owned by the Local Government in the area. As a consequence, when Sydney runs out of non-putrescible landfill space in 2028, they will be swamped by waste transport companies looking for disposal options. Local Governments will likely look to block Sydney's wastes from their landfills as they were built to accommodate local wastes, not Sydney's. Also there will be administrative issues in identifying waste from the Sydney area, where at least the Sydney waste levy rate

would apply. Blockage of Sydney's wastes will not be straight forward, but use of certain acceptance criteria, such as only open for certain local waste companies and residents, may by-pass s92 issues.

The difference in the waste levy will generate incentives to undertake illegal activities, e.g. lying about the waste source. Having a flatter levy across NSW would reduce this, but rural Local Governments would likely object as its external waste. Even if a certain % of the waste levy was paid to the Council, there would be few who would accept money and Sydney's waste at the same time.

3.2.4 Environmentally Harmful

A higher levy and lack of waste infrastructure will simply result in more long haul waste for its management. Long haul not only significantly increases CO_{2-e} emissions and caused other related environment harm it was undertaken in a generally unsafe manner. Landfills are already subjected to the [National Greenhouse & Energy Reporting Scheme](#) and the [Safeguard Mechanisms](#), so will feel an increasing carbon tax being imposed as Australia achieves its Net Zero targets over time. Originally in 1996, CO_{2-e} emissions comprised 50% of the original waste levy.

Requiring recycling where the process is more environmentally harmful than landfilling the waste. This can occur where higher levels of contamination are forced into a recycling process. This will result in more waste sent to landfill and increases in energy, water, chemical, machine maintenance cost etc. At some point it is simply environmentally beneficial to landfill such wastes rather than harm the environment more in other ways.

3.2.5 Recycling and Residual Wastes

A higher levy would also disincentives many NSW recycling facilities and internal waste management practices, as residual disposal would make them less economic, hence requiring to charge a higher gate fee or too costly to introduce. Additionally, NSW's POEO Act and POEO General Regulation makes siting many EfW facilities, such as Advanced Recycling (Plastics to liquid hydrocarbons) is an EfW therefore unable to be reasonably sited in NSW. As a consequence, a large amount of sorted plastic recyclate will go to Melbourne where such a facility is being built. A waste levy discount for recycling facilities would assist in helping NSW install needed waste infrastructure.

3.2.6 Summary

The points above show there is an upper limit to any increase in the waste levy. As Sydney is running out of landfill space, with limited replacement options available, much of the waste levy revenue will be exported, largely to Queensland.

Overall the impact of the waste levy and any increase on % resource recovery is highly limited if not ineffectual. Raising the waste levy will largely increase its revenue capture, but with a diminishing landfill market in NSW even this will result in much lower consolidated revenue over the next 10 years.

R3 ASBG recommends the NSW Government cap the maximum waste levy increase on General Solid Waste to the current + CPI rate in the Metropolitan Levy Area and Regional Levy Area.

3.3 The Liquid Waste Levy

Of the parts of the waste levy, the liquid waste levy, has the poorest philosophy supporting it. Essentially, it is a tax on a waste prior to its treatment. From an environmental perspective this makes no sense. Also a liquid waste treatment facility, nets out its landfill tax on the solids it generates from treating the liquid waste. It is also bizarre in that if a liquid waste facility makes high quality water, (e.g. from reverse osmosis) then this can also be netted off from the liquid waste levy at the gate. ASBG can only conclude the liquid waste levy is a punitive measure against industry for simply making it and doing the right thing and sending it to a liquid waste facility.

The Issues Paper notes that the waste levy encourages the illegal disposal of wastes, which must be taken into account when setting a levy rate. ASBG notes the high similarity between the waste levy and sales tax. As any Government knows, the addition of such a tax will attract illegal actions such as smuggling etc. As a consequence, it must spend resources policing such a tax, or the evasion will escalate. For the liquid waste levy the issue here is that to avoid the liquid waste levy, increasing discharge of liquids to sewer is the path of least resistance to its evasion. As a consequence, the liquid waste levy places increased policing on the sewer operating agencies across NSW, mainly Sydney Water, Hunter Water, Councils etc. At issue here is are these responsible agencies compensated from the liquid waste levy for their policing? ASBG considers the answer is no.

Overall, the liquid waste levy is simply a punitive tax on industry, placing considerable pressure on other Government water agencies. Its imposition adds to the costs of installation of appropriate treatment and recycling equipment for internal reuse of wastewaters. ASBG considers, given the small revenues collected under this levy and its philosophical flaws it should be abandoned.

R4 ASBG recommends the NSW Government remove the liquid waste levy.

4 EFFECTIVE USE OF WASTE LEVY REVENUE FOR WASTE MANAGEMENT

As identified in chapter 2 the waste levy should vary according to the waste type and its applicability to landfill. Where a waste stream meets such criteria this should result in a levy discount. The discount amount will vary according to the waste stream. Where a waste is sent to a NSW landfill where it can be reasonably minimised etc, it should be subject to the full waste levy. However, this chapter deals with the other end of the waste levy, how best to use its revenue?

Only NSW places its waste levy revenue into consolidated revenue, where the NSW Government and ministerial departments argue over their share of this money. This needs to change if NSW is to improve its % resource recovery, which lags South Australia and is similar to Victoria.

The waste levy revenue is a large resource if allocated to waste management in NSW it has the ability to fix many of the issues and problems in NSW waste. Use of this resource first needs to be allocated then carefully arranged to achieve outcomes which benefit NSW, jobs and the economy, and not other jurisdictions.

In the Overview section ASBG identified the following recommendations, which are also discussed and ideas provided.

4.1 Hypothecate the Waste Levy Revenue

As stated before NSW stands out as having no direct linkage between waste levy revenue and its expenditure on waste management actions. Indeed, the NSW EPA must plead its case every budget.

ASBG can argue this is one reason why NSW lags South Australia and is similar to Victoria, despite NSW collecting many times the revenue over 25 years than both these states combined. Many other parties have been calling for such a change in this revenue allocation, so does ASBG.

Recommendation 2 is to have the waste levy revenue hypothecated to NSW waste minimisation and management actions.

4.2 Expand NSW Waste Infrastructure

The waste levy revenue should have been used to expand NSW's waste infrastructure, but instead only a limited set of grants have been made available. In addition, there is simply an obvious waste crisis coming for the greater Sydney area, with the closure of its non-putrescible landfills by 2028.

Also under threat is the future closure of putrescible waste landfills of Lucas Heights and Woodlawn. Lucas Heights will close around 2032, leaving Sydney vulnerable to one putrescible landfill. During recent flooding the rail link to Woodlawn was cut. If Woodlawn becomes the sole landfill and a similar emergency occur what will NSW Government do? Emergency planning for such scenarios should be on the table now. Given it takes at least 10 years to site a new landfill, a new putrescible landfill planning is required now. Sure FOGO and other systems may extend their life, but with an expanding population this is a mute counter argument.

The waste levy revenue should be used to plan, site and promote new landfills for greater Sydney area and other areas as the population expands.

Alternatives need to be also considered. Perhaps waste levy revenue can be used to compensate non-Sydney landfills and Councils to accept Sydney's waste, even if this is an interim measure.

Requirements for greater Sydney Councils and perhaps ring Councils can be encouraged to cooperatively work with the NSW government and come to agreements over the planning for new waste infrastructure, with agreed funding / complimentary allocations and benefits etc. This is considered in part the role of a NSW waste authority as per recommendation 2.

A review of the legislation is also required to remove the restrictions associated with EfW. Currently the planning restrictions make siting one highly risky. For example, Lithgow was one of the four area where EfW can be located. Its sudden removal just confirms that investment is simply too risky for the private sector. This leaves only the Government to step in, considering it generated this.

R5 ASBG recommends the NSW Government:

- **Expanding NSW's recycling and waste management infrastructure, where the waste levy revenue can assist where appropriate.**
- **Ensure there is enough landfill capacity in the local NSW areas to enable the disposal of residual and other wastes, which have no other reasonable option.**
- **As above but to support Energy from Waste (EfW) facilities in dealing with suitable calorific valued residues.**

4.3 Assist in Planning Waste Infrastructure

Not In My Backyard (NIMBY) has been with the waste infrastructure planning process since the 1970s. For example, landfills are only trumped by nuclear facilities and hazardous waste facilities in attracting local opposition, with EfW just behind landfills. Regardless, landfill is an essential part of waste management infrastructure and must be supplied. There is simple no real zero waste to landfill waste management system operating anywhere. If one claims such, just dig a bit deeper and there will be a landfill required somewhere, generally post resource recovery, EfW ash etc. conveniently left off.

There are also examples of where new landfill proposals were blocked by NIMBY. The [2008-9 Naples, Italy, waste crisis](#) is one example, where the local population tolerated garbage on the streets for over 6 months. [Beirut, Lebanon](#) is another. If such outcomes occur the administrative government can face [Human Rights court action](#) on health issues. Some Governments seem to only respond to such a waste crisis only when one appears and emergency powers appear justified. ASBG considers the NSW Government is above such action and will prevent such a crisis beforehand.

A key issue for waste infrastructure, including landfills is how to deal with the inevitable NIMBY issue when the planning process starts. This is where new approaches to planning should be adopted.

For the above process to begin, the NSW government must remove certain planning restrictions that apply to waste infrastructure. For example, is the highly restrictive planning limitations placed on all forms of

EfW. Another approach is to require a collection of Local governments to choose a waste facility location within their area. This seems to be the approach by Recycling Victoria.

The Community Group support process. Here the process is to identify certain groups where they are encouraged to support an unfashionable waste development. For example, sporting groups where they are rewarded with sporting facilities on acceptance of waste infrastructure. Consultation needs to start early. With such groups there will be factions which require appropriate attention and will compete with other factions. So an all or nothing approach may work where the group factions need to agree with a set of outcomes, such a selection of sporting facilities where all have something to show for their agreement. This approach has worked, but takes time to collect the group players, the factions, negotiate the rewards, timing of them, locations etc. Once the deal has been done the local media will also need to be brought the correct information and community sentiment. The outcome is this group or multi-groups will support and out vote and be in the majority of the NIMBY numbers at the local level. Ideally, this waste infrastructure planning be solved at the local level, where it will be supported, so there is no need for the NSW government to intervene, other than support this community negotiation process.

R6 ASBG recommends the NSW Government:

- **Use of the waste levy revenue to assist in supporting all appropriate waste infrastructure planning approval projects, especially new landfills for the greater Sydney area.**
- **Avoidance of long haul waste transfers within and exported out of NSW, buy provision of suitable waste infrastructure at strategic locations closer to sources of generation, especially waste generated in the greater Sydney area.**
- **Avoidance of interstate waste transfer driven by lack of suitable waste infrastructure, especially in the Greater Sydney area.**

5 CONCLUSION

The NSW Government would prevent a landfill crisis in the greater Sydney area by better organising the generational areas into a collective group. Usage of the waste levy revenue will be used to assist in the planning approval processes where identified groups and or communities directly benefit from the acceptance of waste infrastructure in their area, including landfills and EfW facilities along with other recycling facilities.

Creation of a NSW waste authority along with allocation of at least 80% of waste levy revenues will provide adequate funding to progress towards a planning and implementing a circular economy with the appropriate balance of waste infrastructure.

Formally recognising that landfills play an essential part of the waste management system will be the basis for a range of levy discounts. These levy discounts will be set according to a Landfill Hierarchy where landfilled wastes are assisted where this is the best option at the current time.

Should you require further details and clarification of the contents of this submission please contact me.

Yours Sincerely

A handwritten signature in black ink that reads "Andrew Doig". The signature is fluid and cursive, with the first name "Andrew" and the last name "Doig" clearly legible.

Andrew Doig

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