



8 July 2024

NetWaste Council

Dear General Manager/CEO/Mayor,

REVIEW OF NSW WASTE LEVY – LEVY GUIDANCE DOCUMENT

Your Council is represented by NetWaste as the Voluntary Regional Waste Group containing 25 regional Councils.

The following information is provided to familiarise you and your Council with the reasons why NetWaste and its participating Councils oppose this waste levy. The information provides a more detailed commentary to support the formal NetWaste submission to the NSW EPA *Review of the NSW waste levy Issues Paper*.

As a current levy-free Council, it is imperative that you as the General Manger/CEO/Mayor understand the ramifications of this levy. The introduction of a waste levy will add to the existing cost of living pressures and remove money from local economies without improving resource recovery.

NetWaste Councils are providing a service to our communities. Fees and charges are currently reflective of costs, what Councils need and the capacity to pay. Fees and charges also reflect the risk of perverse outcomes (e.g. illegal dumping if landfill gate fees are too high).

NetWaste considers each Council is in the best position to adequately manage waste and resource recovery and serve the needs of their community. There is no justification for extending the waste levy to NetWaste areas when the existing levy has demonstrably failed to meet its objectives.

There are currently other options available to drive resource recovery and landfill diversion without the need to extend the waste levy.

It is imperative that NetWaste Councils stand united against the waste levy. Please familiarise yourself with the EPA Issues Paper and attached submission letter to the NSW EPA.

Yours sincerely,

Nigel Campbell
NetWaste Executive Officer

Background

The NSW Waste Levy is a charge on all material landfilled within the regulated area of NSW. The levy is legislated under clause 88 of the *Protection of the Environment Operations Act 1997* (PEEO Act). The regulated area is defined by the EPA and **currently does not include any of the 25 NetWaste Council LGAs (see Figure 1 and 2 below).**

Figure 1.

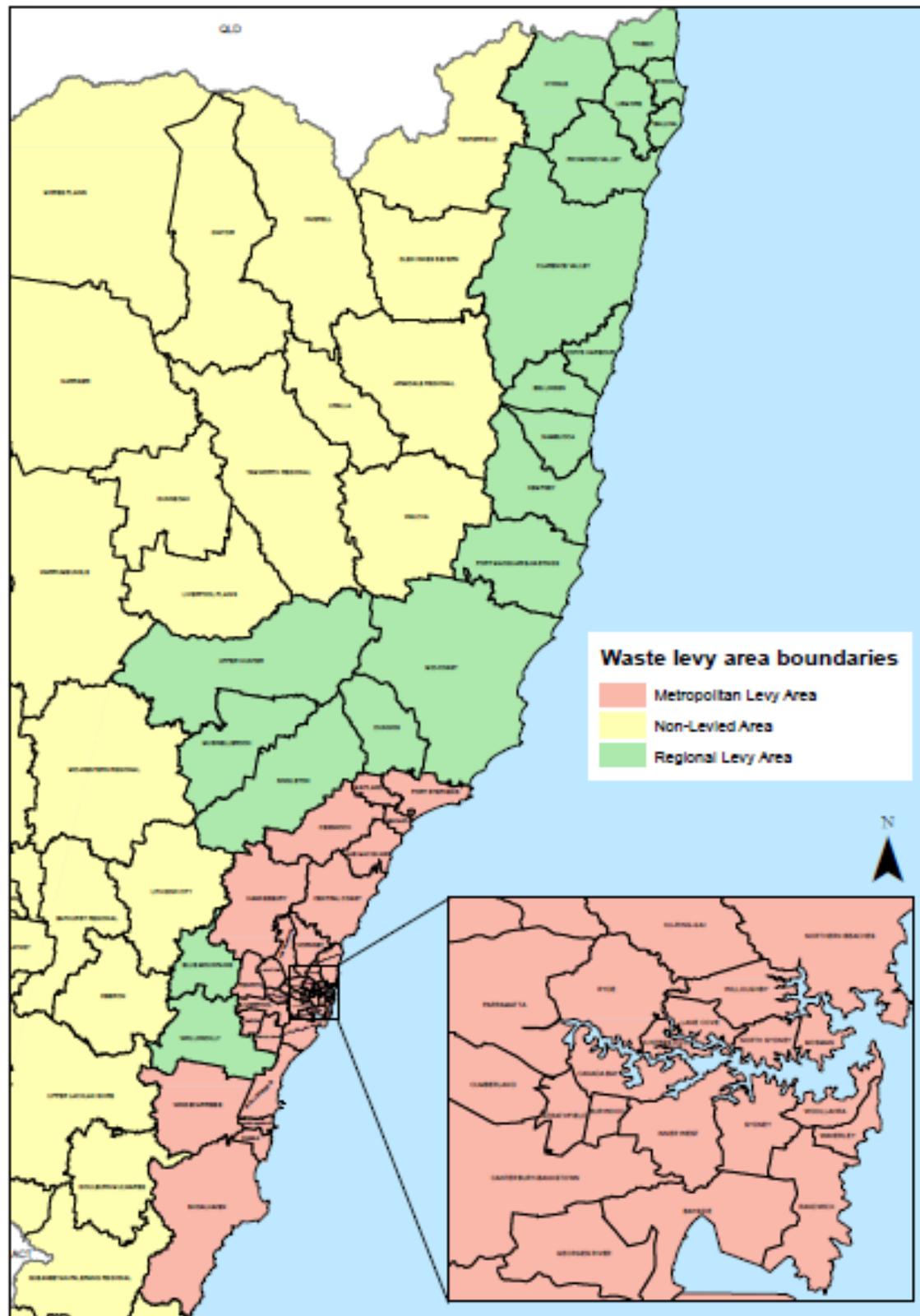


Figure 2.



The waste levy aims to both send a price signal to divert waste from landfill and promote (including fund) resource recovery.

Revenue from the waste levy is collected by the EPA and charged for every tonne of waste landfilled. The 2024/25 levy rates are:

- Metropolitan levy area - \$170.10 per tonne
- Regional levy area - \$97.90 per tonne

The EPA is responsible for administering and enforcing the levy. From the EPA Issues Paper:

Revenue from the waste levy is collected by the EPA and then added to the NSW Government's general revenue pool, known as the Consolidated Fund, on a regular basis. The Consolidated Fund is managed by NSW Treasury. Funding for NSW Government agencies, programs and initiatives is allocated from the Consolidated Fund based on decisions made by the Expenditure Review Committee, a subcommittee of the NSW Cabinet.

*By convention, about **one-third of the revenue amount collected through the waste levy is allocated to the Environment Portfolio**. Approximately **half of this allocation is directed towards waste and resource recovery programs and initiatives**, such as the \$365 million NSW Waste and Sustainable Materials Strategy 2041, as well as EPA operations. The rest of the Environment Portfolio allocation is used to fund other environmental initiatives such as endangered species programs.*

That is, the EPA collect ~\$800 million in revenue each year and applies less than 17% to waste and resource recovery programs (through various waste grant programs etc.). **More than half a billion dollars each year is kept in the Consolidated Fund and not used for waste and resource recovery.** For clarity, NetWaste Councils do benefit from some of the 17% available funding through the waste levy as does the NetWaste Voluntary Waste Group.

An example of the misleading data presentation by the EPA is that the *\$365 million NSW Waste and Sustainable Materials Strategy 2041* is a 7-year program – this equates to \$52 million per year compared to over \$800 million in levy revenue per year. Or, in the time of spending \$365M on waste programs the EPA would have collected **over \$6 billion in levy revenue.**

Currently the NSW Government is reviewing the waste levy. The EPA has released the *Review of the NSW waste levy – Issues Paper* and is seeking feedback by 22nd July 2024. The review includes expansion of the levy paying areas (including NetWaste Council LGAs). The Issues Paper is asking how to support new levy paying areas rather than if the levy boundaries should be expanded.

NetWaste Position

Initial consultation with NetWaste occurred in November 2023 on the waste levy review. At that time NetWaste provided a position statement to the EPA that included:

NetWaste Councils strongly and completely oppose any change in the waste levy that will extend the regional levy area to include any of the 25 NetWaste Councils. The NSW EPA Levy applied to any of our Councils would be highly detrimental to waste management and simply lead to community angst and resentment against both Local Council and the NSW Government.

The NetWaste region and other regional groups have largely been ignored in this process as none of our concerns have been presented in the Issues Paper.

Regional communities have managed to introduce many resource recovery initiatives without the need for a waste levy. For example, many kerbside FOGO services were first introduced into the NetWaste area almost 10 years ago.. This is because the community wants to do the right thing. The EPA must support rather than hinder this.

Regional landfills are nearly all owned and operated by Local Councils. It is in their interest to preserve these assets. Therefore, Councils in regional areas already have incentives to divert waste from landfill and increase recycling, without a levy. Metropolitan landfills are mostly run by commercial operators whose primary driver is delivering to their shareholders.

Contrary to the EPA's assertion, the waste levy is a charge on residents and businesses for their waste disposal, not a charge on landfill operators.

Why is NetWaste opposed to the expansion of the waste levy?

Current levy failures

The Issues Paper acknowledges the failure of the EPA to achieve their own landfill diversion targets with the application of the levy. It also acknowledges the lack of recycling infrastructure that provides a viable option for material flow instead of landfilling. These failures are occurring at the same time the State Government diverts over half a billion dollars annually of levy revenue away from waste and resource recovery programs.

From the less than 17% applied to waste programs, not one dollar is returned directly to any Council (be it Metro or Regional) to fund their own Council waste and recycling initiatives.

Extraordinarily little of the funding ever makes it back to Councils directly in assisting with waste diversion targets and resource recovery investment.

If the levy has been unsuccessful in allowing infrastructure to be built and diversion targets met in metropolitan Sydney, then any further expansion of the levy to regional and rural areas is doomed to be an even bigger failure and result in significant perverse impacts such as illegal dumping and rogue operators.

Other solutions available before levy changes

Waste management starts with product design and manufacture. It is critical that products are designed to allow maximum use, re-use, recycling etc. prior to disposal in landfill. This is the principle of the circular economy. It is the State and Federal Governments that can control the product design and manufacture process through bans (e.g. asbestos) and Product Stewardship and Extended Producer Responsibility Schemes (e.g. e-waste, Return and Earn). The waste levy is an 'end of pipe' option that simply adds a cost to residents and businesses and has the greatest impact on Local Councils.

If, as stated in the Issues Paper, the waste levy is the *primary instrument to divert waste from landfill*, then the waste levy must be used to fund, not just promote, resource recovery. It is the allocation of collected revenue that needs review and change prior to any expansion of levy boundaries. This will support investment in critical recycling infrastructure.

Without adequate higher order waste management, together with sufficient infrastructure to keep materials out of landfill, diversion targets will not be met, and the circular economy will struggle to become a reality.

Potential levy impacts on regional and rural areas

For the EPA to suggest that a State based levy (which diverts more money away from waste than it retains) introduced into regional areas is the solution to drive resource recovery, indicates a complete misunderstanding of the issues facing regional communities. Firstly, there is a lack of accessible recycling infrastructure. Second, transport distances add considerable cost. Finally, there are few barriers to unlawful activity (e.g. illegal dumping) due to the open landscape.

The NetWaste region is unfortunately disadvantaged by the tyranny of distance with most of the resource processing located on the eastern seaboard. If resource material already cannot move for some Councils, then a levy will not help. Councils are also not in the position to become additional tax collecting and reporting agents for the NSW Government.

Consultation with Councils who currently do have the Waste Levy imposed upon their operations, advise of the significant impost on Council resources because of the additional data collection and financial reconciliation and associated reporting protocols. Council's administrative processes and human resourcing allocations have been significantly impacted with increased running costs.