

Review of the NSW waste levy

Issues paper

May 2024



Acknowledgement of Country

The NSW Environment Protection Authority acknowledges the Traditional Custodians of the lands where we work and live. We celebrate the diversity of Aboriginal peoples and their ongoing cultures and connections to the lands and waters of NSW.

We pay our respects to Elders past, present and emerging and acknowledge the Aboriginal and Torres Strait Islander people that contributed to the development of this issues paper.

Review of the NSW waste levy

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1 The NSW waste levy

The NSW Government is reviewing the waste levy – our primary instrument to divert waste from landfill and promote resource recovery – to determine how it can drive greater recycling in NSW.

1.1 What is the waste levy?

Recovering materials from waste and recycling them into useful products is critical to maintaining a healthy and sustainable environment for current and future generations. Recycling helps us to get the most value out of our existing products, reducing the impact of extracting resources from the environment to make new products from scratch. It also reduces harm to the environment and human health by reducing waste going to landfill, littering and illegal dumping.

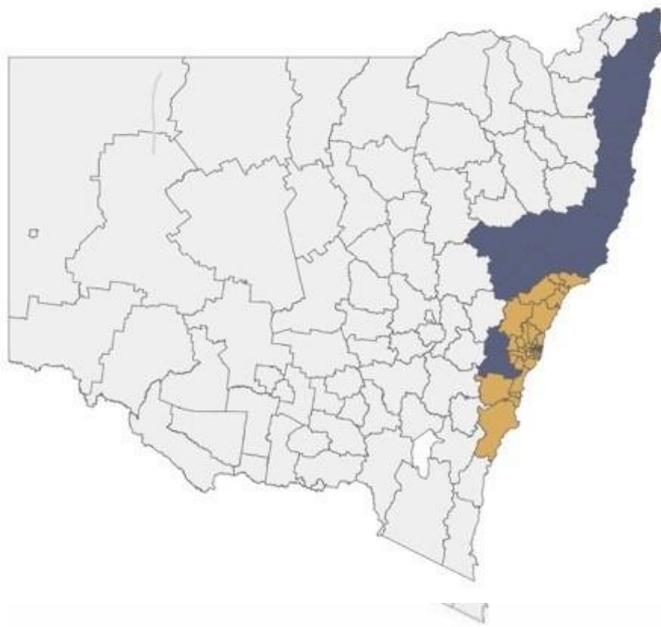
But **recycling is generally more expensive than disposal to landfill**, due to the additional steps involved – to be recycled, recoverable material must be sorted from waste, processed, and manufactured into a new product. **Waste levies aim to make resource recovery a more financially attractive option by increasing the cost of disposing material at landfill**, creating an incentive for recycling materials instead.

Most states and territories in Australia and many other countries use waste levies as a tool to promote recycling. In NSW, the waste levy was first introduced to the Sydney metropolitan area in 1971. Since that time, it has been extended across the NSW coast, from Shoalhaven to the Tweed.

1.2 How does the NSW waste levy work?

EPA-licensed waste facilities must pay the waste levy if they are located within or receive waste from two different regions in NSW: the Metropolitan Levy Area and Regional Levy Area. The boundaries of these regions are defined by local government areas (LGAs).

Two different rates apply to these regions and are adjusted annually in line with the Consumer Price Index (CPI).



2023-24 waste levy rates

Figure 1: Waste levy rates and levy area boundaries as set out under the Protection of the Environment Operations (Waste) Regulation 2014

The NSW waste levy regulatory framework and waste levy revenue

Certain waste facilities such as landfills that require a licence from the NSW Environment Protection Authority (EPA) must pay a contribution – known as the waste levy – to the EPA for every tonne of solid waste they receive. This is legislated under the *Protection of the Environment Operations Act 1997*. Waste levy rates, where, who, and what they apply to, and other requirements for the administration of the waste levy are set under the Protection of the Environment Operations (Waste) Regulation 2014 and the Waste Levy Guidelines.

The EPA is responsible for administering and enforcing the waste levy. 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.

The remaining two-thirds of waste levy revenue is allocated to other essential government services.

We have heard from local government and industry stakeholders that a secure revenue stream available over a longer time-horizon is needed to support safe waste management and the transition to a circular economy. We have also heard that greater transparency is needed in how the NSW Government uses waste levy revenue, and for what purpose.

1.3 Why is the waste levy being reviewed?

The waste levy has been instrumental in driving resource recovery in NSW to date, ensuring our materials are used for as long as possible instead of being disposed in landfill or polluting the environment as litter or dumped material. In 2021–22, our overall recycling rate was 65%, driven by an 80% recycling rate for construction and demolition (C&D) waste.¹

But **recycling is now plateauing in NSW** (Figure 2). Recycling rates in 2021–22 for waste from commercial and industrial (C&I) sources and household kerbside waste, otherwise known as municipal solid waste (MSW), lagged at 49% and 43% respectively.²



Figure 2: NSW recycling rates by waste stream from 2015–16 to 2021–22³

While recycling rates are plateauing, waste generation in NSW continues to grow. As populations increase and the infrastructure required to accommodate them is built, waste

1 NSW EPA 2023, *NSW waste and recycling performance data for the 2021–22 financial year*, <<https://www.epa.nsw.gov.au/your-environment/waste/waste-overview/waste-performance-data>>

2 *ibid.*

3 *ibid.*

volumes in NSW are projected to increase by 16 million tonnes between 2021 and 2041.⁴ We need to ensure recycling in NSW keeps up with these additional waste tonnages, so we can continue to sustainably manage our resources and minimise the environmental and human health impacts associated with waste pollution.

The NSW Government is reviewing the waste levy to examine why recycling is plateauing in NSW, and how the waste levy can be better used to reinvigorate recycling rates. This issues paper, which was developed based on in-depth conversations with local government and the waste and resource recovery industry, explores how we can do so.

1.4 The scope of the waste levy review

To determine how we can stimulate recycling in NSW, **we will examine how the effectiveness of the levy as an incentive for resource recovery is impacted by waste levy rates and where the levy applies.** We will identify opportunities to optimise these settings and strengthen this incentive, while minimising cost-of-living impacts on households.

To make it easier for operators to recycle material where possible and otherwise safely manage it, **we will look at how the waste levy regulatory framework can better support those who want to do the right thing while making it harder for those who do not.** This means looking for opportunities to ease administrative burdens where appropriate and to prevent activities that undermine resource recovery in NSW and create risks to the environment and human health. We will also review the ongoing application of the waste levy in circumstances where there are limited or no opportunities for recycling.

Lastly, we will consider what other actions the NSW Government needs to take **to ensure the waste and resource recovery landscape in NSW – including waste and resource recovery infrastructure, services and markets – enables the effective operation of the waste levy as an incentive for resource recovery.**

We want your feedback on this approach, and any other issues you think we have missed, to develop options for how we can improve the waste levy and how it operates to drive further resource recovery in NSW.

Have your say

We want to hear your thoughts on the waste levy, and how we can better achieve its circular economy objectives.

- **Take the survey:** Visit yoursay.epa.nsw.gov.au to find out more and take our survey
- **Make a written submission:** you can also email a submission to us at wastelevyreview@epa.nsw.gov.au.

⁴ Department of Planning, Industry and Environment 2021, *NSW Waste and Sustainable Materials Strategy 2041*, < <https://www.epa.nsw.gov.au/-/media/epa/corporate-site/resources/recycling/nsw-waste-and-sustainable-materials-strategy-2041.pdf>>

2 Issue 1: Increasing resource recovery rates in NSW

We will review waste levy rates and levy area boundaries to identify opportunities to reinvigorate recycling in NSW.

2.1 Optimising waste levy rates to promote greater resource recovery

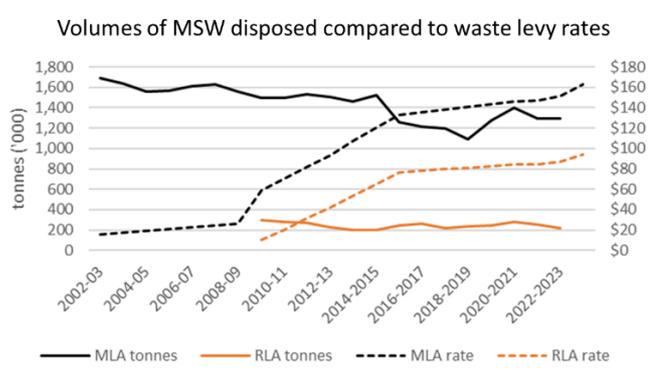
If set at the right level, the waste levy can increase the cost-competitiveness of recycling, reducing waste going to landfill and boosting resource recovery.

Currently, waste levy rates keep pace with inflation: they are adjusted each year in line with the CPI. But between 2009 and 2016, waste levy rates were also annually increased by \$10 per tonne in addition to CPI adjustments. Independent analysis by Marsden Jacob Associates on the impact of the waste levy shows that past rate increases beyond CPI resulted in significant reductions in waste disposed of to landfill, particularly for C&D waste in the Metropolitan and Regional Levy Areas. They also had a significant impact on the disposal of C&I waste and MSW in the Metropolitan Levy Area.⁵ The analysis concluded that the impact of the waste levy peaked by 2016, reducing waste going to landfill by around 3 million tonnes per year. While this reduction has been maintained through CPI adjustments to the levy, since 2016 recycling rates have stalled.

As part of the waste levy review, we will examine whether increasing levy rates beyond inflation could once again reduce waste going to landfill and stimulate significant increases in recycling across waste streams in NSW.

⁵ Marsden Jacob Associates 2024, *NSW waste levy impact analysis*, prepared for the NSW Environment Protection Authority

Municipal solid waste

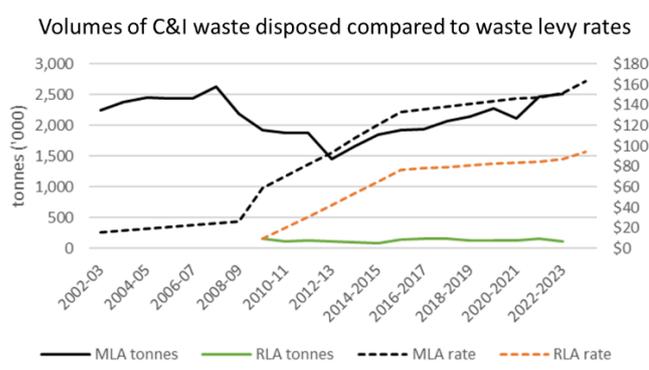


MSW is generated by households, and mostly consists of paper and cardboard, plastics, glass, and food and garden organic waste. Local councils provide MSW collection, disposal and recycling services to their communities.

Independent analysis by Marsden Jacob Associates suggests MSW is reasonably responsive to the effects of the waste levy: **historically, for every 1% that disposal costs increased in the Metropolitan Levy Area above inflation, disposal of MSW to landfill declined by 0.5%.**

The NSW Government is also looking at other mechanisms to increase the MSW recycling rate, which was 43% in 2021-22.⁶ This includes mandating the separate collection of food and garden organic waste from households, committed to under the NSW Waste and Sustainable Materials Strategy 2041.

Commercial and industrial waste



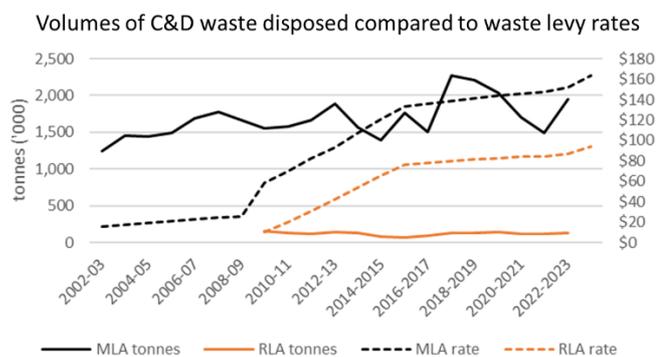
⁶ NSW EPA 2023, *NSW waste and recycling performance data for the 2021-22 financial year*, <<https://www.epa.nsw.gov.au/your-environment/waste/waste-overview/waste-performance-data>>

Commercial and industrial waste

C&I waste is generated by businesses from a range of sectors such as manufacturing, healthcare, retail and hospitality. It is often collected as loads of mixed waste containing materials such as metals, plastics, food, paper and cardboard, and wood.

The recycling rate for C&I waste in NSW is stalling at 49%,⁷ but analysis by Marsden Jacob Associates indicates that C&I waste has historically been responsive to the effects of the waste levy. It is estimated that, in the Metropolitan Levy Area, a 1% increase in disposal costs above inflation reduced disposal of C&I waste by 1.2%.⁸

Construction and demolition waste



While development activity in NSW has increased over recent years, resulting in increased generation of C&D waste, independent analysis by Marsden Jacob Associates shows that landfill diversion rates for C&D waste is responsive to the waste levy. **Historically, for every 1% increase in disposal costs in the Metropolitan Levy Area and Regional Levy Area, disposal of C&D waste to landfill declined by 0.5% and 1.2% respectively.**⁹

This is because C&D waste is generally made up of heavy materials such as concrete and ceramics. As the levy is applied per tonne of waste, it costs more to dispose of these materials at landfill than lighter materials like plastic or paper and cardboard. This creates a stronger incentive for waste generators to find alternatives to landfill and may explain in part why C&D waste has a much higher resource recovery rate in NSW – 80% in 2021-22 – than C&I waste and MSW.¹⁰

⁷ Ibid.

⁸ Marsden Jacob Associates 2024, *NSW waste levy impact analysis*, prepared for the NSW Environment Protection Authority

⁹ Ibid.

¹⁰ NSW EPA 2023, *NSW waste and recycling performance data for the 2021-22 financial year*, <<https://www.epa.nsw.gov.au/your-environment/waste/waste-overview/waste-performance-data>>

We will commission further independent economic analysis examining the forward-looking relationship between the waste levy and resource recovery in NSW to help us determine optimal levy rates. This means balancing opportunities to increase recycling in NSW by increasing the waste levy against exacerbating cost pressures on households and small businesses and creating perverse incentives to avoid waste disposal costs through illegal or unsustainable activity.

2.1.1 Minimising impacts on cost-of-living

In 2022–23, ratepayers in the Metropolitan Levy Area and Regional Levy Area paid on average \$79 and \$49 per year, respectively, in waste levy costs (Figure 3).¹¹

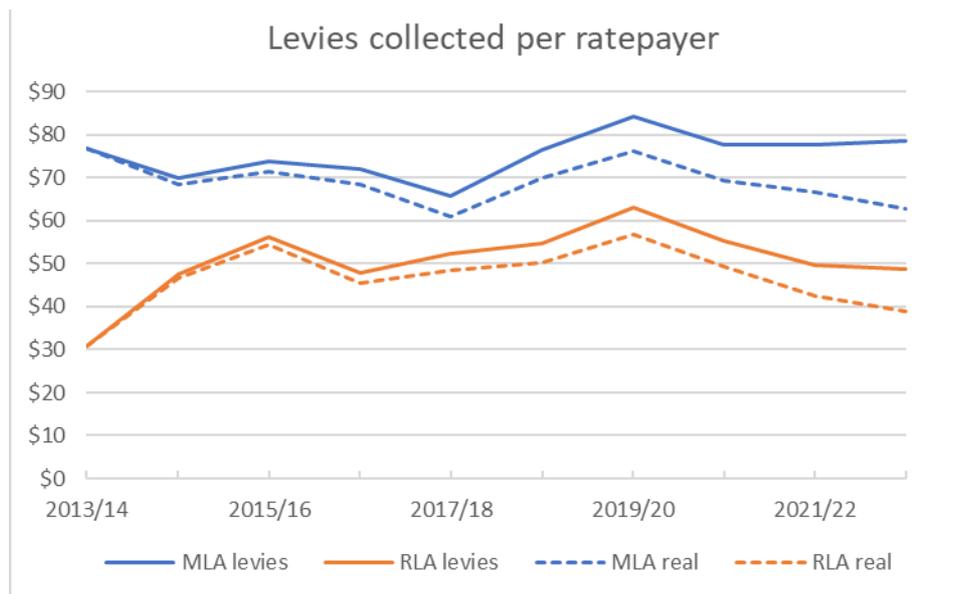


Figure 3: Average levy costs collected per ratepayer

To manage any impacts on households and small businesses, we will consider making any adjustments to waste levy rates steady and affordable over a long period of time.

This would be accompanied by a published schedule of future changes to waste levy rates. We heard from stakeholders that increasing waste levy rates will only be effective in driving increased resource recovery if waste generators, local councils, and waste and resource recovery operators have the time and information they need to adjust their decision-making in response. Providing advanced notice of adjustments to waste levy rates will help households and businesses to manage changes to cost-of-living and cost-of-doing-business. It will also help local councils and waste and resource recovery operators to invest in and source new resource recovery services, technology and infrastructure.

¹¹ Marsden Jacob Associates 2024, *NSW waste levy impact analysis*, prepared for the NSW Environment Protection Authority

2.1.2 Avoiding perverse incentives for illegal and unsustainable activity

In adjusting waste levy rates, we also need to consider how we can prevent the creation of perverse incentives to avoid higher landfill disposal costs not by recycling waste, but by illegally dumping it or by transporting it over long distances to landfills in non-levy paying areas in NSW or interstate.

For example, we know NSW has had high waste levy rates compared to other states and territories in the past, and this has previously driven significant volumes of waste – including recyclable material – out of NSW to be landfilled elsewhere. We want to avoid this happening again, as it would undermine the intent of increasing waste levy rates to reduce waste going to landfill and increase resource recovery.

To do this, we will consider how any changes to waste levy rates will impact the total cost of disposal in NSW compared to bordering states and consider options to mitigate the risk of illegal dumping. We will also engage with our counterparts in other jurisdictions as we consider changes to waste levy rates in NSW.

2.2 Defining waste levy area boundaries to drive equitable resource recovery outcomes

Independent analysis by Marsden Jacob Associates of the historical performance of the waste levy showed that even modest increases in waste levy rates reduced waste going to landfill in both Metropolitan and Regional Levy Areas.¹² But we heard from many local councils that **there is no consistent, clear or fair rationale for where the waste levy is applied across NSW, and what areas should attract metropolitan or regional levy rates.** For instance, some areas in NSW that do not currently attract the waste levy have characteristics – such as population, population density and population growth rates – that are more akin to LGAs in the Regional or Metropolitan Levy Area, and vice versa.

This feedback echoes a key finding of the NSW Auditor-General's 2020 review of the NSW waste levy, which recommended transparent and objective criteria for determining which local government areas should be levied.¹³

To ensure that the waste levy is fairly applied in areas where there are opportunities for it to drive increased recycling, we will undertake a comprehensive review of levy area boundaries. We will set objective criteria to consistently and transparently determine where the levy applies in NSW and at what rate.

We believe that these criteria should include a measure of 'remoteness' that reflects distance to population centres and access to services.

We've heard from local councils that providing resource recovery services to ratepayers is more logistically challenging and less cost-effective in regional and remote areas than it is in

¹² Ibid.

¹³ NSW Auditor-General 2020, *Waste levy and grants for waste infrastructure*, <<https://www.audit.nsw.gov.au/our-work/reports/waste-levy-and-grants-for-waste-infrastructure>>

metropolitan areas. Lower waste volumes and larger distances between the points of waste collection and resource recovery facilities prevents the economies of scale needed to attract investment in infrastructure and technology. Because of this, some households in regional areas cannot access the same resource recovery services – such as kerbside recycling – available in metropolitan areas. These issues grow as communities become more remote. Supporting infrastructure at landfills such as weighbridges and litter fences becomes less common, and legacy landfills are often unable to be rehabilitated due to a lack of resources.

Considering ‘remoteness’ in the way we define waste levy areas would account for these issues and ensure that the way the waste levy is applied across NSW is equitable. It would also indicate where there are high levels of waste generation across all waste streams, by capturing areas where there are higher populations and greater commercial and development activity.

Adopting a new approach to defining waste levy areas may result in the expansion of levy area boundaries. This, alongside any increase to waste levy rates, will increase revenue collected through the waste levy. In these circumstances, we will consider how the uplift in waste levy revenue could be used to support improved resource recovery outcomes and address the issues identified throughout this paper. This could include investing in new and upgraded infrastructure in areas where the waste levy is expanded to, and ensuring the right services, technology and capacity is in place for the waste levy to operate to its greatest effect.

2.3 Key considerations for review

Waste levy rates	<p>We will examine whether increasing levy rates beyond inflation could stimulate further increases in recycling in NSW.</p> <p>Any decision to increase waste levy rates will be designed to minimise adverse impacts on households and small businesses, as well as opportunities to avoid higher disposal costs through illegal activity or transporting waste over long distances to landfill.</p> <p>We will ensure any changes to the levy will be manageable, and that a schedule of price changes over the long term is published.</p> <p>We want your feedback on the following questions:</p> <ul style="list-style-type: none"> • Are there other factors that need to be considered in determining optimal levy rates? • Over what time should a schedule set out future levy rates to provide certainty for decision-making? • How can we ensure any changes to waste levy rates increase recycling rather than creating perverse incentives for illegal dumping or interstate landfilling?
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**Waste levy
area
boundaries**

To ensure the levy is equitably applied to areas where it can have the greatest effect on resource recovery, we are reviewing waste levy area boundaries to put in place clear and transparent criteria to determine where the waste levy applies and at what rate.

We are proposing to use a measure of remoteness – capturing a community’s access to and distance from services and population centres – as the key criterion for defining levy area boundaries.

We will also consider opportunities to use the uplift in waste levy revenue arising from any changes to levy rates and levy area boundaries to support increased investment in resource recovery across NSW, including upgrading and building new waste and resource recovery infrastructure in any new levy areas.

We want your feedback on the following questions:

- Is remoteness an appropriate measure to consider in examining levy area boundaries? Are there other factors we should consider?
- If levy boundaries are expanded, how should we support new levy paying areas?

3 Issue 2: Creating a level playing field for safe and sustainable waste management

The waste levy regulatory framework and its administration should support waste operators who safely manage waste and do the right thing while reducing opportunities and incentives to do the wrong thing.

3.1 Improving regulatory oversight to reduce opportunities for illegal activity

Some waste operators are finding ways to circumvent lawful waste disposal costs – not through recovering waste materials, but through **sometimes illegal activity that can cause harm to the environment and human health and result in recyclable materials being landfilled. This includes illegal dumping, stockpiling, and fraudulently reporting waste information.**

This activity undermines the incentive created by the waste levy to divert waste from landfill and towards resource recovery. It creates risks to the environment and human health associated with waste pollution. It also siphons material from the legitimate waste and resource recovery market, disadvantaging waste operators who meet their regulatory requirements and want to do the right thing to ensure materials are recovered where they can be, and safely disposed of where they can't.

Illegal activity to avoid waste disposal costs can undermine the legitimate waste market

The significant environmental, human health, and economic harm arising from illegal activity that is motivated by the avoidance of waste disposal costs is clearly demonstrated by major chemical fires that took place in Victoria in 2019.

Bradbury Industrial Services was found to have diverted tens of millions of litres of hazardous waste from the legitimate waste treatment and disposal market through illegal stockpiling or illegal dumping. The operation worked by offering severely undercut prices to remove and deal with hazardous wastes from generators. Then, instead of being properly treated or disposed of, the wastes were illegally stockpiled in multiple warehouses across Melbourne or buried in remote bushland.

The illegally stockpiled wastes sparked one of the worst industrial fires in Melbourne since the turn of the century, causing significant air, land and water pollution, harm to public health, and substantial clean-up costs. In undercutting legitimate waste management facilities, the illegal operation also caused significant distortion and volatility in treatment and disposal costs. This distortion reduced the profitability of existing waste management facilities and undermined investment in waste infrastructure.

As part of the waste levy review, **we will examine ways to strengthen the waste levy regulatory framework and its administration to remove opportunities for illegal activity.** This will help to create a level playing field for waste and resource recovery markets in NSW.

In addition to ensuring that any changes to levy area boundaries and rates do not create perverse incentives for illegal or unsustainable activity, we will also look for ways to improve our regulatory oversight to address these issues through improved end-to-end tracking of waste movements into and within NSW. We will also consider the application of the waste levy to waste that is transported from other states for disposal in NSW landfills.

3.2 Ensuring the waste levy applies to the right materials

We want to increase resource recovery in NSW, but not all materials can be safely recycled. In these cases, we want to make safe waste disposal easy.

We heard that the application of the waste levy to materials for which there is no safe alternative to landfilling – such as asbestos and chemically treated timber – amounts to a penalty on waste operators that are trying to dispose of these waste types appropriately. Other jurisdictions have already removed the levy on certain non-recyclable material. In Queensland, certain types of non-friable and all friable asbestos contaminated material are exempt from the waste levy. In South Australia, no levy applies to the disposal of asbestos waste, excluding asbestos-contaminated soils.

The application of the levy to these materials may drive operators who do not want to do the right thing to illegally stockpile or dump waste to avoid the costs of the waste levy. Illegal dumping pollutes land, waterways and natural habitats, and poses risks to human health. It also comes at significant cost: the loss of amenity due to illegal dumping in NSW has been valued at \$300 million¹⁴ and local councils are spending from \$20,000 to more than \$750,000 per annum on illegal dumping detection, response and clean-up.¹⁵ The waste levy contributes to these costs, as it applies to landfilled material that is generated through the clean-up of illegal dumping.

¹⁴ NSW Environment Protection Authority 2022, *NSW Illegal Dumping Prevention Strategy 2022–27*, <<https://www.epa.nsw.gov.au/-/media/epa/corporate-site/resources/illegaldumping/22p4237-illegal-dumping-prevention-strategy-2022-27-v4.pdf>>

¹⁵ Ipsos 2020, *Illegal dumping research report*, prepared for the NSW Environment Protection Authority, <<https://www.epa.nsw.gov.au/-/media/epa/corporate-site/resources/illegaldumping/ipsos-summary-report-illegal-dumping-research-2019.pdf>>

There are some material types that are currently exempt from the waste levy, including community service waste, disaster waste, dredging spoil and whale carcasses. Exempting these materials from the waste levy minimises the costs of activities that benefit the community and protect public health. These exemptions are important and will continue. But, as part of the waste levy review, we will consider expanding the current levy exemption framework to apply to materials for which there are no safe alternatives to landfill, such as asbestos. In doing so, we will also need to ensure we do not create new opportunities and incentives for illegal activity (such as fraudulently claiming waste is contaminated with asbestos to receive a levy exemption).

Waste levy rates for specific materials

Concessional levy rates currently apply to virgin excavated natural material, recovered fines alternative daily cover, and prescribed shredder floc. As part of the waste levy review, we will examine these concessional levy rates and the conditions for their application.

Additionally, two separate levies apply to:

- **trackable liquid wastes, to encourage liquid waste avoidance and resource recovery**
- **coal washery rejects, such as coal fines, soil, sand and rock, to incentivise improved environmental management and the development of alternatives to disposal.**

We will review these levies to ensure they are fit for purpose and are achieving their objectives.

3.3 Reducing administrative burdens

To help waste facility operators meet their regulatory requirements while promoting the reuse and recycling of waste material, waste facility operators can claim levy deductions on certain materials they receive. This includes waste that can be reused on site for operational purposes such as construction works and daily landfill cover, and waste that is transported off site for lawful purposes (Figure 4).

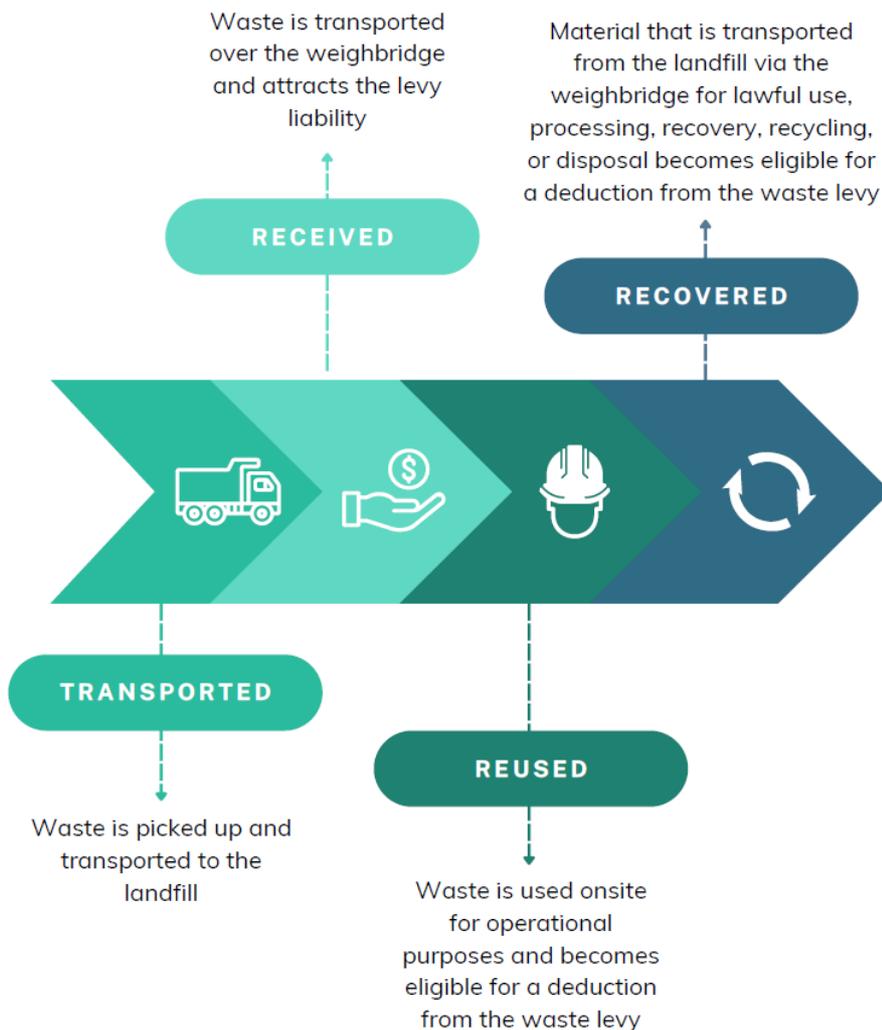


Figure 4: Outline of how waste levy operational purpose and transport deductions apply

Local councils and waste and resource recovery facility operators have told us that the framework for waste levy deductions is overly complex and that the process for applying for and receiving these deductions is administratively burdensome. Where waste operators landfill waste and recover or recycle materials at the same site, the deduction framework can become very difficult to navigate.

Through the waste levy review, we will look for opportunities to streamline waste levy deductions. This will remove barriers for waste operators who are trying to do the right thing. However, we also need to make sure we do not create regulatory loopholes that can be exploited or allow waste materials that are not safe for operational purposes to be used.

3.4 Key considerations for review

Through the waste levy review, we will look for opportunities to close regulatory loopholes and reduce administrative burdens to support the sustainable and safe management of waste within the legitimate waste and resource recovery market. We will also be careful to ensure that any changes do not create further opportunities for rogue operators to dispose of waste and recyclable material illegally and unsafely. To this end, we will consider the following.

<p>Reducing opportunities for illegal activity</p>	<p>We will look for ways to improve our regulatory oversight and prevent illegal and unsustainable activities through improved end-to-end tracking of waste movements into, out of, and within NSW.</p> <p>We will also consider the application of the waste levy to waste that is transported from other states for disposal in NSW landfills.</p> <p>We will ensure that any changes made to levy area boundaries and rates do not create perverse incentives or opportunities for illegal and unsustainable activities.</p> <p>We want your feedback on:</p> <ul style="list-style-type: none"> • What is your experience with waste operators avoiding lawful disposal costs in NSW? How does activity such as illegal dumping, stockpiling and waste fraud impact your waste and resource recovery business and operations? • How can we best prevent opportunities for rogue operators to avoid lawful disposal costs in NSW through illegal or unsustainable activity?
<p>Waste levy exemptions and concessional levy rates</p>	<p>We will review the application of the levy to wastes for which there are no safe alternatives to landfill, such as asbestos. In doing so, we will work with industry and local councils to design the settings in a way that minimises the risks of creating new opportunities for unsustainable activities and illegal disposal of waste.</p> <p>We will also review existing concessional levy rates and the levies on liquid waste and coal washery rejects to ensure they are fit-for-purpose.</p> <p>We want your feedback on:</p> <ul style="list-style-type: none"> • Are there other types of waste that cannot be safely recycled for which an exemption from the waste levy should be considered? • What factors should be considered in reviewing current concessional levy rates and the ongoing application of levies on liquid waste and coal washery rejects?
<p>Waste levy deductions and reducing administrative burdens</p>	<p>We will review the waste levy regulatory framework and guidelines to identify opportunities to strengthen waste levy deductions, making applying for a deduction more efficient for waste facilities while not undermining the purpose of the waste levy.</p> <p>We want your feedback on:</p> <ul style="list-style-type: none"> • What are the key aspects of the waste levy deduction framework that make it harder for you to operate? • How can we streamline waste levy deduction requirements and processes while ensuring only materials that are suitable for operational purposes are used on site, and transport deductions are only applied to materials that are moved off site for lawful purposes?

4 Issue 3: Amplifying circular economy outcomes in NSW

For the levy to have the greatest effect on resource recovery in NSW, the right infrastructure, technology and policies also need to be in place.

4.1 Waste and resource recovery infrastructure and technology

The waste levy is only effective as a tool to divert waste from landfill where there are alternatives to landfill available. We've heard from local government and industry stakeholders that a lack of infrastructure and technology slows down recycling in NSW and will do so regardless of changes to the waste levy.

Greater investment in waste and resource recovery infrastructure and technology is needed over the long term to provide these alternatives to landfill while ensuring waste can be safely managed into the future. This requires better planning for waste and resource recovery infrastructure, support from the NSW Government to de-risk investment in new infrastructure and technology, and certainty in the quality of material that is processed and sold-on by resource recovery facilities.

4.1.1 Planning for waste and resource recovery infrastructure

We've consistently heard that **clear and long-term planning for waste management is needed to encourage infrastructure investment.** This means clarifying what and where waste infrastructure is needed, how appropriate land can be secured, how new developments can be planned to accommodate waste and resource recovery as an essential service, and the roles of the NSW Government, local councils and the private sector in developing and operating waste and resource recovery infrastructure. This extends to planning for residual waste infrastructure – an issue of increasing concern in metropolitan Sydney.

Infrastructure shortfalls for residual waste in metropolitan Sydney

By incentivising the diversion of waste from landfill, the waste levy can alleviate pressure on residual waste services and infrastructure capacity. However, it remains important that communities, industry and local councils maintain access to residual waste services and infrastructure in NSW so that material that can't be avoided, reused/repaired or recycled can still be safely disposed of.

In the metropolitan regions of NSW, particularly Greater Sydney, we heard that the accessibility of residual waste infrastructure has not kept up with growing demand. Local councils in these regions have raised issues that there is a scarce supply of suitable land available to develop new infrastructure, such as transfer stations. Consequently, waste is being transported long distances to a limited number of available disposal points at a higher cost to ratepayers.

To secure cost-effective residual waste management in these regions, local councils have emphasised the need for strategic infrastructure planning. Transfer stations should be considerably positioned so that residual waste in high density regions can be disposed of at low cost. Once transfer stations are accessible for a metropolitan region, new processing infrastructure – such as for energy from waste – becomes more feasible.

We are currently working with local councils and the waste and resource recovery industry to develop an NSW Waste Infrastructure Plan. This plan will be informed by robust, data-driven analysis to determine infrastructure needs across the state. It will take a staged approach, seeking to address the most urgent capacity needs in residual waste and food and garden organics infrastructure before a holistic approach to recycling infrastructure is developed.

4.1.2 The role of the NSW Government

We also want to work with stakeholders to identify how the NSW Government can help to address the barriers to investment that are not currently being addressed by the waste market.

We need to examine other ways for the NSW Government to drive long-term investment in waste and resource recovery infrastructure and technology – from reuse and repair hubs, community recycling centres and materials recovery facilities, to transfer stations, residual waste infrastructure, weighbridges and legacy landfill rehabilitation. These approaches could include ways to de-risk investment by underwriting new infrastructure, acquiring land for infrastructure development, or establishing new regulatory or planning mechanisms requiring infrastructure to accommodate waste management needs in growth areas.

4.1.3 Reducing contamination in material streams

Local councils and industry reported a lack of **investment certainty in resource recovery infrastructure and technology**. This is in part created by difficulties securing clean waste streams in large volumes as feedstock for resource recovery processes. We also heard that stronger end-markets for recycled material are needed to justify investment in resource recovery.

We heard that contamination in kerbside recycling and food and garden organic waste bins is a key barrier to securing material supply and finding end-markets. Contamination limits the amount of material that can be recovered at resource recovery facilities and impacts the quality and value of processed material.

Higher rates of contamination in waste streams results in more waste being removed from material processed in resource recovery facilities. This residual waste is then sent to landfill, where it attracts the waste levy. This creates an additional cost for resource recovery facility operators and may increase the price of alternatives to landfill – contrary to the intent of the waste levy.

We will consider the application of the waste levy to residual waste from resource recovery facilities as part of the review, as well as complementary initiatives to reduce contamination rates – such as

standardisation of what can and can't go in kerbside bins, consistent education and behaviour change campaigns, and the creation of clean and accessible collection pathways for recyclable materials.

4.2 Different mechanisms are needed for hard-to-recycle materials

While the waste levy has been important in driving resource recovery progress to date, **some material types – such as batteries, textiles, soft plastics, and composite materials including those found in packaging – are currently difficult to recycle cost-effectively, safely and at scale.**

In these cases, the incentive created by the waste levy is not enough to ensure their sustainable management. Upstream interventions targeting product design, manufacturing and supply are needed to reduce waste generation where possible, and otherwise ensure these products and their components can be easily collected, reused, repaired or recovered.

4.3 Key considerations for review

We understand that we need to do other things alongside reviewing the NSW waste levy regulatory framework to increase resource recovery and ensure we can continue to manage materials safely and sustainably as waste generation increases. We want your feedback on what our actions to address the below considerations should be.

Waste and resource recovery infrastructure and technology

Through our work on the NSW Waste Infrastructure Plan, we will consider ways to take a more active approach in breaking down the barriers to investment in infrastructure and technology that the waste and resource recovery market has not been able to address by itself. We will also consider how waste management can be treated as an essential service when planning for growing populations and new developments.

The waste levy review will also look at complementary actions to enable investment in resource recovery infrastructure and technology. These may include standardising what can and can't go in kerbside recycling bins and upgrading material recovery facilities to meet these requirements, and reviewing the application of the waste levy to residual waste from resource recovery facilities.

We want your feedback on:

- What are the key barriers in the planning system preventing new waste and resource recovery infrastructure being developed in NSW? How can they be overcome?
- Do you think the waste levy should apply to residual waste from resource recovery facilities? If not, why? If so, at what rate and why?
- What factors would we need to consider when investigating standardisation of kerbside recycling bins and upgrades to material recovery facilities? What other approaches should we take to reduce contamination in recycling feedstock?

	<ul style="list-style-type: none"> • What other actions should the Government take to improve investment in waste and resource recovery infrastructure and technology?
<p>Complementary actions for hard-to-recycle products and materials</p>	<p>We will consider what other steps we need to take to increase reuse, repair and recycling, and what products and materials these actions should target.</p> <p>We want your feedback on:</p> <ul style="list-style-type: none"> • What products and materials should we prioritise for reuse and repair? What role can the NSW Government play in supporting the reuse and repair of these materials? • What characteristics of a product or material make it difficult to recycle? What interventions could we take upstream to improve product recyclability?

Review of the NSW waste levy: Issues paper

NSW Environment Protection Authority
6 Parramatta Square
10 Darcy St
Parramatta NSW 2150

Locked Bag 5022
Parramatta NSW 2124

T: 02 9995 5000
E: info@epa.nsw.gov.au
W: epa.nsw.gov.au