



Environment
& Heritage



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Outcomes of the waste levy review

The KPMG review proposed 17 recommendations to improve the waste levy, drive greater recycling and better align future waste levy funding to stimulate infrastructure, combat illegal dumping and reduce littering.

The NSW Government accepted the KPMG recommendations to improve the operation of the waste levy, with the exception of recommendations 6 and 16.

The majority of stakeholders, including local councils, provided strong feedback about the need to invest a proportion of the waste levy revenues back into waste and recycling infrastructure. More than 70 per cent of written submissions raised the issue of hypothecated funding from the waste levy.

Adoption of the KPMG recommendations will stimulate infrastructure investment and ensure that expenditure of the waste levy represents best value for money.

KPMG recommended that for equity reasons the waste levy should be applied to all landfills that receive more than 5000 tonnes of waste per year, regardless of location (recommendation 16). The Government agreed not to extend the levy at this time but to undertake a consultation process in conjunction with the Local Government and Shires Associations. The EPA will consult with councils likely to be affected by adopting KPMG's recommendation and will undertake an evaluation as part of the comprehensive review of the Protection of the Environment Operations (Waste) Regulation 2005 in early 2013.

The waste levy review provides a strong evidence base for a new [waste and recycling agenda](#) that provides value for money and delivers economic, employment and environmental benefits for local communities, and provides greater incentives to invest in new recycling infrastructure for NSW.

The waste levy review findings and recommendations are outlined in the independent [Review of the NSW Waste and Environment Levy](#) prepared by KPMG (WasteLevyRevRpt.pdf, 724KB).

The 17 KPMG recommendations are included below, together with the NSW Government response to each of the recommendations.

Household organic waste

Recommendation 1: The NSW Government, together with industry and councils, should develop best practice approaches for household collection to improve source separation at the household level. For example, some councils offer a lower fee for households opting for a smaller residual waste bin.

The Government supports this recommendation.

The Environment Protection Authority (EPA) will work with local councils and industry to develop best practice approaches to improve source separation and increase resource recovery at the household level.

Recommendation 2: The NSW Government, together with industry and councils, should develop education and community engagement programs to support household participation in adopting best practice management systems, for example, materials and media advising what waste goes in which bin. A portion of the waste levy revenue should be used to establish a funding pool for local government programs. The funding pool should be non-contestable and fund the delivery of education and community engagement programs that are individually tailored by local councils for their local communities.

The Government supports this recommendation.

The Government will establish a non-contestable funding pool for local government programs totalling \$70 million over 4 years from 1 July 2013 that will support levy-paying councils to develop local fit for purpose solutions. To support the transition to the new funding program, the 2012-13 Waste and Sustainability Improvement Payment (WaSIP) will be paid to eligible councils prior to 30 June 2013. The Government

recognises that better information for householders will improve recycling practices at home. The EPA, in consultation with key stakeholders such as the Local Government and Shires Associations, will prioritise the development of education materials (including advertising campaigns) and community engagement programs that can be adapted by local councils for their local communities.

Recommendation 3: Support investment in resource recovery facilities to improve the removal of organic waste and dry recyclables from household bins. A portion of the waste levy revenue should be used for establishing an infrastructure fund. The pool would provide funding in a competitive grant process for infrastructure for metropolitan and regional councils, and industry.

The Government supports this recommendation.

A 4-year Waste and Recycling Infrastructure package will be established that includes \$70 million in contestable grant funding for infrastructure, collection systems and community education targeting food and garden waste. An additional \$60 million in funding will be available for waste and recycling infrastructure to assist communities in levy-paying areas. The contestable infrastructure funds will all be administered by the NSW Environmental Trust, an independent statutory body.

Recycling

Recommendation 4: Support initiatives and programs to improve the recovery of waste from the commercial and industrial sector. A portion of the levy funding should be used for establishing a Recycling Innovation fund.

The Government supports this recommendation.

The Government will establish a Recycling Innovation fund totalling \$15 million over 5 years that will support innovative projects and research and development to improve recovery rates.

Recommendation 5: Investigate the use of the Recycling Innovation fund to support a reduction in metal and paper recyclers' residual wastes.

The Government supports this recommendation.

The Government will establish a Recycling Innovation fund totalling \$15 million over 5 years that will support innovative projects and research and development by industry to improve recovery rates for operators of recycling facilities. In addition to the establishment of the Recycling Innovation fund, the Government will also grant a concessional levy rate to metal recyclers commencing 1 July 2013 of 50 per cent of the applicable leviable rate for 3 years, which will then decrease to 25 per cent of the applicable leviable rate until 30 June 2018.

Use of levy funds

Recommendation 6: Up to 2015-16, any levy revenue received by the NSW Government that exceeds the current forward estimates should be directed towards additional waste programs. After 2015-16, the NSW Government should look at directing a greater percentage of levy revenue to improve waste management and increase recycling.

The Government does not support this recommendation.

Over the next 5 years, the total funding envelope for waste and recycling initiatives and infrastructure will total \$465.7 million.

Recommendation 7: The Waste and Sustainability Improvement Payment (WaSIP) program should be replaced and at least the equivalent funding be made available to local government through funding from the waste levy revenue for waste infrastructure, education and program support. Local government should have access to both a non-contestable local government programs fund and a contestable infrastructure fund.

The Government supports this recommendation and will amend the Protection of the Environment Operations (Waste) Regulation 2005 to give effect to the removal of the WaSIP program.

The WaSIP program will be discontinued from 1 July 2013, noting the review report's comments that funding from WaSIP was used for small and short-term projects and that a longer-term strategic approach is required. To support the transition to the new funding program, the currently allocated 2012-13 WaSIP will be paid to eligible councils prior to 30 June 2013. From 1 July 2013, local councils will instead have access to the \$70

million non-contestable local government programs fund over 4 years and access to contestable grants under the Waste and Recycling Infrastructure fund and programs to tackle littering and illegal dumping.

Waste infrastructure

Recommendation 8: The NSW Government, together with industry and councils, should finalise regional waste and resource recovery infrastructure strategies that outline the investment required to meet the state recycling targets. A portion of the waste levy revenue should be used for establishing an infrastructure fund. The pool would provide funding via a competitive grant process for infrastructure for metropolitan and regional councils and industry.

The Government supports this recommendation.

The need for regional waste avoidance and recovery strategies is incorporated into the regional action plans for levy paying areas under NSW 2021: A Plan to Make NSW Number One. The Government will support regional organisations of councils, voluntary regional waste groups, or other groups of local councils, with \$9 million in funding over 5 years for regional coordinators and strategy development. The strategies will be used to support grant applications for regional waste and recycling infrastructure and upgrades. An infrastructure fund will be established that provides \$60 million of funding for waste and recycling infrastructure to support communities in levy-paying areas. An additional \$70 million in funding will be available to local councils for infrastructure, education and programs targeting food and garden waste. In non-levy paying areas, \$13 million over 5 years will support the voluntary regional waste groups with regional coordination and infrastructure planning. The infrastructure plans will be used to support grant applications for an additional \$7 million to support councils with landfill consolidation and closure, building and upgrading transfer stations, and environmental improvements to small landfills servicing rural communities. The contestable grant funds will be administered by the NSW Environmental Trust, an independent statutory body.

Recommendation 9: Establish an independent expert panel to facilitate infrastructure investment in relation to planning, procurement and delivery of infrastructure.

The Government supports this recommendation.

Under the *Environmental Trust Act 1998* the Environmental Trust must establish and refer grant applications to a technical review committee. To provide advice to the Environmental Trust in the assessment of grants for infrastructure and other programs, the Minister for the Environment will appoint a technical review committee consisting of persons with expertise in infrastructure, procurement, finance and planning with representation from the community.

Illegal dumping

Recommendation 10: Implement a state-wide Illegal Dumping strategy in consultation with industry and local government. A portion of the waste levy revenue should be used to establish a pool of funding for illegal dumping to fund the development of illegal dumping guidance, prevention infrastructure, and education and enforcement programs in accordance with the state-wide Illegal Dumping strategy.

The Government supports this recommendation.

The Illegal Dumping fund will consist of \$58 million over the next 5 years to underpin initiatives and programs within the state-wide Illegal Dumping strategy. The EPA has drafted a state-wide Illegal Dumping strategy which will be released for public consultation, including targeted sessions with local government, industry and public land managers.

Recommendation 11: Increase local government, public land managers and the community's participation in regional illegal dumping programs from the Illegal Dumping fund.

The Government supports this recommendation.

The review recognised that a regional partnership approach involving a range of stakeholders was needed to combat illegal dumping. The EPA will begin discussions with key stakeholders including local councils, State Forests, national parks and local community groups to establish effective regional programs to combat illegal dumping and littering.

Recommendation 12: Introduce a pilot program of accessible drop off facilities for problem waste and develop a state-wide education program in conjunction with industry and local councils to improve awareness and disposal of problem waste. This should be reviewed after 2 years and, if successful, then further drop off centres should be rolled out across all of NSW.

The Government supports the recommendation for accessible drop-off centres to be available to the community for the disposal of problem wastes. However, the Government does not support a 2-year pilot program of the scheme.

Instead a 5-year \$70 million Community Drop-Off Centres fund will be established which will provide funding for the establishment of new and upgraded centres across NSW, in accordance with Goal 23 of NSW 2021. It should be noted that funding from the Community Drop-Off Centres fund will include the continuation of the existing Household Chemical Clean Out Collection events.

Recommendation 13: Introduce a pilot program providing a levy rebate to home renovators disposing of small, non-commercial quantities of asbestos, provided they have attended a council education session and dispose of the product.

The Government supports this recommendation.

The EPA will commence consultation with the Local Government and Shires Associations and the Heads of Asbestos Coordination Authority to identify potential local councils to trial the education and pilot program.

Energy from waste policy

Recommendation 14: Develop a new Energy from Waste policy and continue to investigate and provide guidance to industry on new technologies available to increase waste diversion.

The Government supports this recommendation, noting the EPA has developed a draft Energy from Waste policy for consultation.

The Government will release the draft policy for public consultation.

Carbon price

Recommendation 15: The NSW Government should not adjust the scheduled waste levy rates in relation to the Federal carbon price.

The Government supports this recommendation, noting the review report's comments that there is a high degree of complexity and uncertainty inherent in the carbon price that makes a policy response by the NSW Government extremely difficult.

The application of the levy across NSW is inconsistent

Recommendation 16: The levy should be applied across the whole of NSW, with small regional landfills receiving less than 5000 tonnes of waste per annum remaining exempt from the levy.

The Government does not support this recommendation.

Given that earlier KPMG consultations did not discuss the proposed application of the waste levy across the whole of NSW, the EPA, in conjunction with the Local Government and Shires Associations, will consult with councils likely to be affected by adopting this recommendation, including councils in the Regional Regulated Area, as part of the comprehensive review of the Protection of the Environment Operations (Waste) Regulation 2005 in early 2013.

The consultation with affected councils on the broadening of the waste levy base will also address alternative voluntary mechanisms, the practical application and costs of the proposed levy threshold of 5000 tonnes per year on existing landfills, and the most appropriate mechanism for dealing with new small rural landfill sites greater than 200 tonnes. The result of this consultation will be further considered by Government in mid-2013.

Landfill operator operational requirements

Recommendation 17: The 10 per cent deduction on clean soil be reintroduced for all landfills.

The Government supports this recommendation.

Regulatory amendments to enable a 10 per cent deduction on the receipt of virgin excavated natural material at levy paying landfills will be incorporated into the statutory review of the Protection of the Environment Operations (Waste) Regulation 2005.

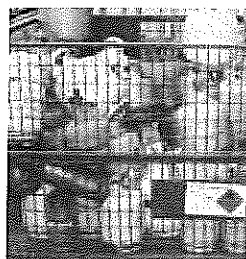
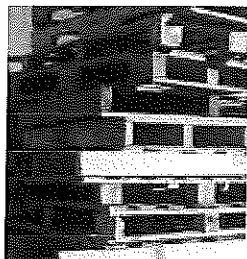
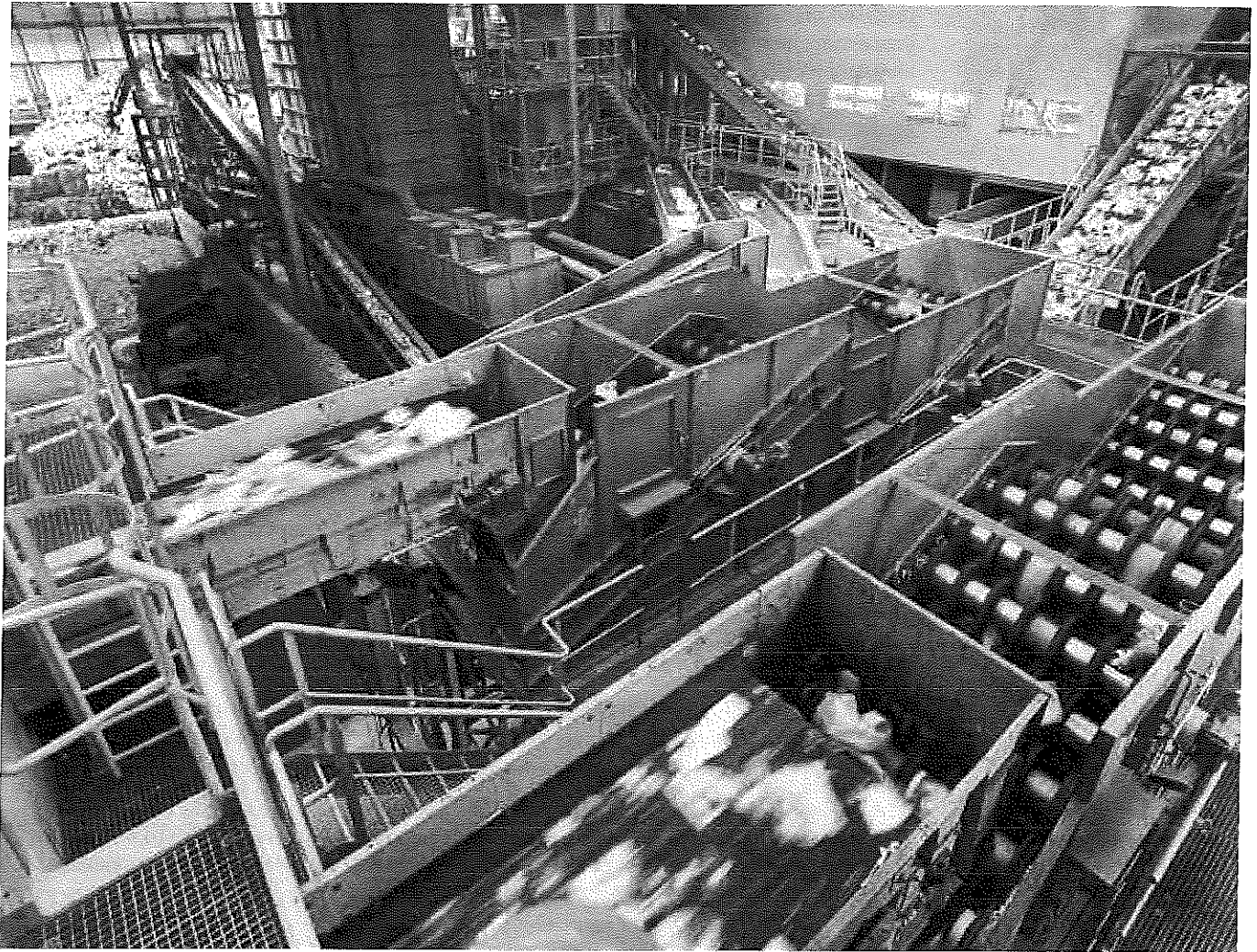
Page last updated: 23 February 2013



ATTACHMENT 2

Waste Less, Recycle More

A five-year \$465.7 million Waste and Resource Recovery Initiative



Minister's message



It is with great pleasure that I announce this Waste and Resource Recovery Initiative *Waste Less, Recycle More* for NSW; a \$465.7 million package over 5 years that will transform waste and recycling in NSW.

In 2012, I commissioned the international consultancy firm KPMG to undertake an independent review of the waste levy system and its objectives, in order to reduce waste generation and disposal to landfill, and encourage increased recycling. The review generated a lot of debate across NSW, with over three hundred people attending forums and one hundred written submissions received. KPMG delivered 17 key recommendations that provide a strong evidence base to bring forward this new waste and recycling initiative for NSW to deliver economic, employment and environmental benefits for local communities.

This document outlines new and innovative waste and recycling programs that I believe will make a difference to the way we think about waste in this State. The cornerstone of this reform package is the establishment of much needed waste and recycling infrastructure.

The new Waste and Recycling Infrastructure package commits \$250 million over 5 years for targeted but wide-ranging funding that includes drop-off centres, food and garden organics processing, new and renovated infrastructure to support communities that pay the waste levy, and recycling innovation, as well as support for businesses to increase recycling on-site. We need to make it easier for households by providing a network of convenient drop-off centres across NSW for wastes like paint and gas bottles.

I am pleased to announce a new local council initiative that starts in July 2013. To ensure a smooth transition to the new local council program, the 2012–13 Waste and Sustainability Improvement Payment of \$38.7 million will be paid out to eligible councils in early 2013. Together, these guarantee \$137.7 million over 5 years to help councils support their own waste and recycling initiatives for their local communities, and makes available at least a further \$219 million in contestable grants.

Delivery of these new waste and recycling initiatives requires:

- behavioural and attitudinal changes to the way we think about waste and recycling
- delivery of value-for-money recycling infrastructure
- strong compliance and enforcement by the Environment Protection Authority (EPA) and local councils.

While we are recycling more than ever in NSW, the overall amount of waste we generate is increasing from 11.8 million tonnes in 2002–03 to 17.1 million tonnes in 2010–11. Waste is everybody's responsibility. We all create it, so we all need to value the products we use — care about how they are made, how we use them, and how we dispose of or recycle them when we no longer need them. The way we behave at home, at work and as consumers has a real impact on our local communities.

I believe we all want our local streets and the places we visit to be free of litter and dumped materials. We need new approaches to help achieve this by tackling illegal dumping and littering, and working in partnership with local communities, councils and industry.

The programs in this package offer support across the waste and recycling supply chain to work together to deliver long-term change. There is no one easy solution to managing waste but there are a number of ways that we can, and should, work together to deliver long-term change for NSW.

The Hon Robyn Parker, MP
Minister for the Environment

A snapshot of the Waste and Resource Recovery Initiative

Waste and Recycling Infrastructure package

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\$250 million over 5 years

Funding package to enhance recycling and alternative waste treatment infrastructure across NSW.

- Organics Infrastructure fund and program – \$70 million
- Improved systems for household problem wastes – \$70 million
- Waste and Recycling Infrastructure fund to support communities that pay the waste levy – \$60 million
- Business Recycling program – \$35 million
- Recycling Innovation fund – \$15 million

Supporting local communities – local government program

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New non-contestable fund for local councils – \$137.7 million over 5 years

The Local Government Waste and Resource Recovery program will provide \$137.7 million over 5 years to support local communities to increase recycling and reduce illegal dumping and littering:

- \$38.7 million to be paid out in early 2013 to councils that pay waste levies to support the transition from the Waste and Sustainability Improvement Payment (WaSIP) program
- \$70 million allocated over 4 years from 1 July 2013 for councils that pay waste levies to improve recycling, and to tackle litter and illegal dumping
- \$9 million to fund regional coordinators, infrastructure planning and the development of Regional Waste Avoidance and Recovery strategies
- \$13 million to support voluntary regional waste groups with coordination and infrastructure planning
- \$7 million to support regional and rural local councils with landfill consolidation and closure.

In addition, councils have exclusive access to \$85.1 million in contestable grants for:

- \$44.3 million over 4 years for a state-wide network of new and upgraded drop-off centres for household problem wastes
- \$17 million over 4 years to assist local communities and councils introduce organics collection systems and community education
- \$13.8 million over 5 years for regional illegal dumping squads and programs, and community education
- \$10 million over 4 years to support local councils with litter prevention campaigns and infrastructure.

Councils, industry and not-for-profit organisations will also be able to apply for a further \$133.9 million of contestable grants.

Combating illegal dumping

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\$58 million over 5 years

The NSW Illegal Dumping strategy will use a multifaceted approach to combat illegal dumping, including education, capacity building, prevention infrastructure and enforcement.

The draft illegal dumping strategy is released for comment in conjunction with this package.

The strategy includes:

- targeted grant funding
- establishing new regional programs to tackle illegal dumping across NSW in partnership with local councils
- increased compliance campaigns to reduce illegal dumping
- targeted community education and awareness
- trialling asbestos prevention measures and home asbestos kits.

Tackling littering

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\$20 million over 5 years

Anti-littering efforts will be undertaken across NSW in conjunction with community organisations and councils. A new litter strategy will be established in consultation with local councils, industry and community organisations, including:

- \$10 million for local government programs and initiatives
- targeted grant funding
- community education campaigns
- strong enforcement.

Improving the operation of the waste levy

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The operation of the waste levy will be improved following the independent review of the levy by KPMG. Key reforms include:

- a structural adjustment program to assist NSW metal shredders
- the re-instatement of a 10 per cent levy exemption to the disposal of virgin excavated natural material. This amendment will be included as part of the upcoming review of the Protection of the Environment Operations (Waste) Regulation.

Energy recovery

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Draft Energy from Waste policy released for public comment in conjunction with this package.

Introduction

Achieving the 2014 recycling targets and reviewing the waste levy are priority actions for the NSW Government under Goal 23 in *NSW 2021: A plan to make NSW number one*.

The NSW Government has committed to achieving the 2014 recycling targets as a key priority in *NSW 2021: A plan to make NSW number one* (Goal 23). *NSW 2021* identified the review of the waste levy as a priority action to assist in achieving the recycling targets and conserving valuable landfill space. It also established new priorities for reducing litter (Goal 23), reducing illegal dumping (Goal 22), and supporting community drop-off centres to improve the management of household hazardous wastes (Goal 23).

In 2012, the NSW Government commenced the first ever independent review of the NSW waste levy. The review provides the NSW Government with a strong evidence base to bring forward a new waste and recycling agenda for NSW that will deliver economic, employment and environmental benefits for local communities.

The waste levy is a market-based instrument to correct a market failure by making recycling cost competitive against landfill disposal. The waste levy has driven significant improvements in recycling. In 2010–11, NSW residents and businesses recycled about 10.7 million tonnes of waste, 63 per cent of the total waste generated (Table 1).

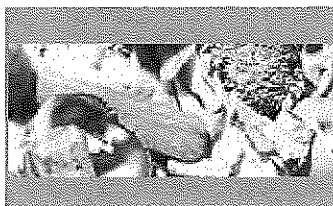
Table 1: Progress towards recycling targets

Waste sector	2000 baseline	2002–03	2004–05	2006–07	2008–09	2010–11	2014 target
Municipal	26%	30%	33%	38%	44%	52%	66%
Commercial and industrial	28%	34%	38%	44%	52%	57%	63%
Construction and demolition	65%	64%	62%	67%	73%	75%	76%
Overall	–	45%	46%	52%	59%	63%	n/a
Total tonnes recycled (millions)	–	5.3	6.0	8.0	9.5	10.7	n/a

While the overall recycling rate has increased from 45 per cent to 63 per cent from 2002–03 to 2010–11, the amount of waste generated has also increased from 11.8 million tonnes in 2002–03 to 17.1 million tonnes in 2010–11.

Although much of the extra waste generated is now being recycled, 6.4 million tonnes still ended up in landfill in 2010–11. Goal 23 of *NSW 2021* commits to increasing recycling to meet the NSW recycling targets. Based on 2010–11 data, an additional one million tonnes would need to be recycled to meet these recycling targets.

Although significant progress has been made, more effort is needed to support local communities, business and industry to increase recycling. There are some key challenges to be tackled to make NSW more resource efficient. There is a need to invest in waste and recycling infrastructure in NSW. Stakeholder feedback from the waste levy review clearly highlights the need to refocus the waste levy funding on long-term strategic programs, including supporting new and renovated waste and recycling infrastructure.



In 2010–11, over 1.2 million tonnes of food went to landfill from homes and businesses across NSW. That is an Olympic swimming pool full of food every 9 hours.

Food waste is an economic, social and environmental issue. Households in NSW spend on average \$1036 a year on food that is wasted. Across NSW, this totals \$2.5 billion.

Nearly 1.6 million tonnes of paper, cardboard, timber and plastics went to landfill in NSW in 2010–11.

Much of it went to landfill in mixed loads, making it difficult to recycle.



To increase recycling in NSW, concerted effort is needed to recover food, paper, cardboard, plastics and timber from households, business and industry. Just over 1.2 million tonnes of food is disposed of to landfill from homes and businesses. Half the household garbage bin consists of food waste and garden organics that could be recovered with upgraded and new infrastructure. Over 90 per cent of food waste generated by households in 2010–11 was disposed of to landfill, with only 9 per cent recovered. A further 23 per cent of the household garbage bin contains materials that could be recycled – including plastics, paper and cardboard.

Over 80 per cent of food waste that was generated by business and industry was disposed of to landfill in 2010–11. The story is similar for plastics and timber in the commercial and industrial waste stream. About 80 per cent of timber and nearly 95 per cent of plastics from business and industry goes to landfill.

A suite of solutions is needed for this challenge, including large scale sorting infrastructure and support for increased source separation on site at the business, at home and in public places.

This reform package focuses on specific waste types, collection systems and infrastructure needs where the greatest potential for improvements has been identified.

Five key areas of the package include:

1. waste and recycling infrastructure fund
2. supporting local communities
3. combating illegal dumping
4. tackling litter
5. improving the operation of the waste levy.

Waste and Recycling Infrastructure package

More effort is needed to continue increasing the recycling rate for waste from households, business and industry. This requires, along with strong community engagement, refocusing the waste levy funding on long-term strategic programs to enhance recycling and alternative waste treatment infrastructure across NSW.

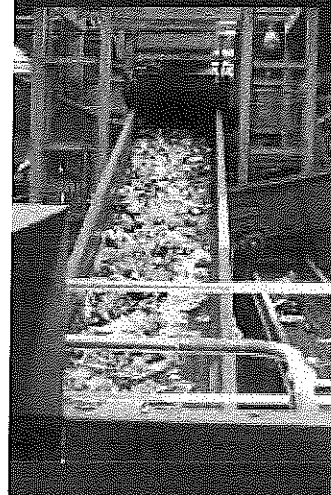
Significant infrastructure investment is required in order to keep up with the increasing waste generation rates and meet the NSW recycling targets. It has been identified that at current levels of waste generation, NSW needs 18 new organics/waste processing facilities and 13 upgraded facilities for household waste alone.

Recycling generates employment. It is estimated there are 9.2 full time equivalent employees for every 10,000 tonnes recycled compared to only 2.8 for landfilling. The additional infrastructure required is likely to employ about 1200 people in facility operation, rising to about 6700 by 2036. In addition, about 1880 people would be employed in facility construction.

The Waste Less, Recycle More initiative will provide targeted support to councils, households, business, industry, not-for-profit organisations and charities to increase recycling and energy recovery, and to build and upgrade the essential infrastructure and services needed across NSW.

The Waste and Recycling Infrastructure package will provide strategic funding to increase the recovery of organics and recyclables by facilitating new and renovated waste and recycling infrastructure and equipment.

**\$250 million
over 5 years**



Key elements of the Waste and Recycling Infrastructure package

Organics Infrastructure fund and program

An infrastructure fund and incentive program to recover food from households and businesses

\$70 million over 5 years



About 50 per cent of household garbage bin contents consist of food and garden organics that could be recycled. Food is also a significant component of the waste stream from businesses. A dedicated program will tackle this priority waste stream, including its management, treatment and recovery.

The Organics Infrastructure fund and program will integrate all the components required for successful systems:

- community education and awareness
- local council collection systems
- organics processing, including large and small scale infrastructure and equipment and on-site processing options
- markets for composted organics
- regulation and compliance.

Contestable grants of \$43 million over 4 years from 2013–14 will support new and renovated infrastructure and equipment to process co-collected food and garden organics or source separated food or garden organics from households and businesses.

Program funding of \$17 million to local councils over 4 years from 2013–14 will assist local communities and councils introduce collection services and community education.

Food waste avoidance and reuse education projects of \$2.7 million over 5 years will be established with householders, businesses, councils and not-for-profit organisations.

Market development and support of \$3 million over 5 years with local councils and industry will ensure there are sustainable markets for the products.

Program funding will include improvements to the regulatory framework, increased investment in odour research and compliance, procurement support, monitoring and evaluation, of about \$4.3 million over the next 5 years.

Improved systems for household problem wastes

Funding to establish and run a network of drop-off centres across NSW for householders

\$70 million over 5 years

NSW 2021 includes a priority action to support community drop-off centres to make it easier for people to recycle and remove problem waste from bins. A total of \$59 million in grants will be available to build or upgrade drop-off centres to provide communities with locations to recycle and dispose of problem household waste. Mobile solutions will also be trialled in city and rural areas where permanent facilities may not be feasible due to distance or lack of land space. Of the \$59 million, \$44.3 million will be available to councils and \$14.7 million to industry, not-for-profit organisations, and charities.

The drop-off centres are to be easily accessible for householders to deposit low toxic wastes such as gas bottles, lead acid and household batteries, paint, oils, fluorescent tubes and smoke detectors. Providing facilities for collection of these materials will help reduce contamination of waste streams, and improve the recovery of recyclables. Some centres will also accommodate drop-off for recyclables such as bulk cardboard, polystyrene and beverage containers.

The centres will capture and recycle a wide range of materials, supporting current and future Product Stewardship schemes that may seek to use fixed facilities for easy and regular access by householders.

The drop-off centres will be complemented by the existing household chemical collections for more hazardous materials so householders can detox their homes, garages and sheds. Funding of \$11 million over 5 years has been allocated for the collection events for household chemicals to help prevent potentially hazardous materials entering the environment via illegal dumping or other inappropriate disposal methods.

The Waste and Recycling Infrastructure fund supports communities that pay the waste levy. The fund targets waste generated in waste levy regulated areas, including waste from households, businesses and industry.

Priorities will include the:

- recovery of recyclables from sorted and unsorted waste from business and households
- reuse, recycling and reprocessing of recyclable materials such as plastics, timber, paper, cardboard and consumer packaging
- processing and stabilisation of residual business and household waste
- energy recovery from residual business and household waste.

The contestable grants will be open to councils, groups of councils (including voluntary waste groups), not-for-profit organisations and industry. Key components include:

- new infrastructure
- renovating and upgrading existing infrastructure
- equipment (including mobile equipment)
- building and upgrading transfer stations.

Waste and Recycling Infrastructure fund

A fund for new and renovated infrastructure to support communities that pay the waste levy

\$60 million over 5 years

This program will help businesses put systems, equipment and processes in place to reduce waste and increase recycling in the workplace.

The infrastructure funds for metropolitan and regional/rural areas will facilitate large scale sorting facilities for mixed waste streams from business and industry.

The Business Recycling program will improve source separation on site and support the introduction of recycling services for small and medium sized businesses.

The \$35 million Business Recycling fund will accelerate progress in recovering materials such as food, paper/cardboard, wood/timber and plastics which are still being sent to landfill in large quantities by business in NSW.

The fund will increase recycling to meet the NSW recycling targets by addressing the barriers currently preventing the source separation and recovery of waste materials in the business sector.

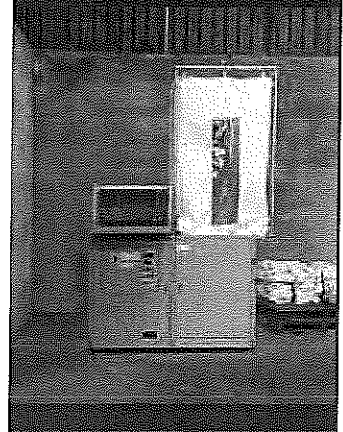
Priorities include:

- funding to support business recycling via advisory services, to be provided through existing NSW Government business programs, industry and council programs
- rebates for new and upgraded small scale infrastructure to increase recycling from businesses across NSW
- establishing four Industrial Ecology Networks where waste from one company is used as an input for another
- funding infrastructure to recycle packaging wastes with co-funding from industry under the Australian Packaging Covenant.

Business Recycling program

Supporting small and medium sized businesses by funding small scale infrastructure and equipment.

\$35 million over 5 years



Recycling Innovation fund

Targeted funds for renovating infrastructure, research and development, and increasing recovery of residual waste from recyclers.

\$15 million over 5 years



This \$15 million fund over 5 years will support industry, councils, not-for-profit organisations and charities to develop projects that provide innovative solutions for targeted waste types in NSW. The list of targeted wastes will be developed by the NSW Environment Protection Authority in collaboration with an industry consultative group.

The fund will increase recycling to meet the NSW 2021 recycling targets by improving the efficiency of recycling facilities and establishing recycled material markets through infrastructure and targeted market support.

The contestable grants under the Recycling Innovation fund will commence in 2013–14 and be split into three key program areas:

- Priority Waste Infrastructure program
- Recycled Markets program
- Metal Shredders program.

The Priority Waste Infrastructure program will provide \$8.5 million of contestable grant funding over 5 years for infrastructure for the targeted wastes. Staged milestone payments will be made over successive financial years.

The Recycled Markets program will provide \$1.5 million of contestable grant funding over 5 years for market development and product specification work.

Contestable grant funding of up to \$5 million will be available to the three metal shredding companies in NSW to introduce new approaches and technologies to reduce residual waste.



Supporting local communities

Local Government Waste and Resource Recovery program

The new Local Government Waste and Resource Recovery program will provide \$137.7 million over 5 years to support local communities to increase recycling and reduce illegal dumping and littering. The overarching program includes \$137.7 million for local councils, in addition to access to contestable grants of \$85.1 million (solely available to local councils), and non-exclusive access to a further \$133.9 million.

The new comprehensive package includes:

- ▣ \$38.7 million to be paid out in early 2013 to councils that pay waste levies to support the transition from the Waste and Sustainability Improvement Payment (WaSIP) program
- ▣ \$70 million allocated over 4 years from 1 July 2013 for councils that pay waste levies to improve recycling, and to tackle litter and illegal dumping
- ▣ \$9 million for councils that pay waste levies to fund regional coordinators, infrastructure planning and the development of Regional Waste Avoidance and Recovery strategies required under the NSW 2021 Regional Action Plans
- ▣ \$13 million to support voluntary waste groups with coordination and infrastructure planning
- ▣ \$7 million to support regional and rural local councils with landfill consolidation and closure, the building and upgrading of transfer stations, and environmental improvements to small landfills servicing rural communities.

Waste and Sustainability Improvement Payment program transition

The existing WaSIP program will be replaced, as recommended by the KPMG waste levy review. The WaSIP 2012–13 annual funding allocation of \$38.7 million will be made to eligible councils in early 2013, to assist local councils transition from the WaSIP program. The funds are to be invested in actions that have been previously approved through the WaSIP program, or on programs that will deliver improved waste avoidance, resource recovery or tackle litter and illegal dumping.

The 2012–13 funding allocation may be expended over future financial years, with annual financial reports required to detail expenditure of WaSIP funds and the outcomes achieved.

Councils should make a concerted effort to fully expend any rolled-over WaSIP funds from previous years.

New local council program

A new non-contestable package will be provided to councils that pay waste levies in order to fund the delivery of recycling programs, community engagement, and initiatives to tackle litter and illegal dumping. This would allow the programs to be individually tailored by local councils for their local communities.

The new program will commence on 1 July 2013, and \$70 million will be provided over 4 years. The new non-contestable funding program will be focused on recycling, with the administration streamlined and the timing in line with local government planning and budgetary cycles, following feedback from local councils during the waste levy review. The funding mechanisms for the new program will be developed by the Environment Protection Authority in collaboration with a new reference group.

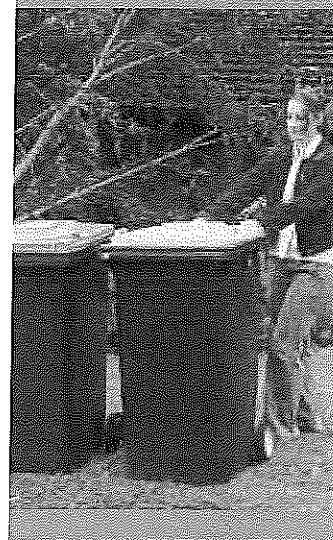
Kerbside recycling has been an outstanding success in NSW – 96 per cent of NSW households have access to kerbside recycling. Yet 23 per cent of material in the red lid garbage bin could be recycled. Driving better use of these systems through better education and community engagement will deliver cost-effective increases in recycling.

Waste coordinators and strategy development

In the waste levy regulated areas, Regional Waste Avoidance and Recovery strategies are required under NSW 2021 Regional Action Plans. Regional organisations of councils

(continued)

**\$137.7 million
over 5 years**



or similar groups will be supported with \$9 million of funding for regional coordinators and strategy development. The strategies will be used to support grant applications for regional waste and recycling infrastructure and upgrades.

In regional and rural areas, \$13 million over 5 years will support the voluntary waste groups with regional coordination and infrastructure planning. An additional \$7 million will be given to support councils with landfill consolidation and closure, building and upgrading transfer stations, and environmental improvements to small landfills servicing rural communities.

Additional support for local councils

In addition to the \$137.7 million outlined above, local councils have exclusive access to an additional \$85.1 million of contestable grants and other programs to support local communities, including funding to support:

- a state-wide network of new and upgraded drop-off centres for household problem wastes like paint, gas bottles and batteries. \$44.3 million to local councils over 4 years from 2013–14
- local communities and councils introducing organics collection systems and services, and community education and engagement. \$17 million to local councils over 4 years from 2013–14
- regional illegal dumping squads and programs, community education and engagement, combating illegal dumping. \$13.8 million to local councils over 5 years from 2012–13
- local litter prevention campaigns and infrastructure. \$10 million to local councils over 4 years from 2013–14.

Councils also have access to contestable grant funding and programs for an additional \$133.9 million. These include grants for food and garden infrastructure, illegal dumping clean-ups, household chemical collections for local communities, programs under the Recycling Innovation fund for priority waste innovation and market development, as well as waste and recycling infrastructure to support levy paying communities.

**\$58 million
over 5 years**



Combating illegal dumping

Combating illegal dumping is a key priority for the NSW Government and local communities. NSW 2021 sets a target to reduce the incidence of large scale illegal dumping in Sydney, the Illawarra, Hunter and Central Coast by 30 per cent by 2016.

Illegal dumping is an environmental crime and can cause serious pollution to the environment, pose a risk to human health, and impact local amenities and community pride. Cleaning up illegally dumped material is also a significant cost for local communities, councils and public land managers.

For the first time, NSW will have a state-wide Illegal Dumping strategy. This strategy will use a multifaceted approach to combat illegal dumping, including:

- targeted grant funding
- establishing partnerships
- capacity building
- strategic enforcement
- education and community engagement
- prevention and deterrence infrastructure
- building an evidence base.

A new Illegal Dumping fund will be established to support initiatives across NSW. Everyone's active participation in the new state-wide strategic approach is critical to combat illegal dumping.

The Illegal Dumping fund will also support a pilot program to trial a levy rebate and education package to home renovators disposing of small, non-commercial quantities of asbestos. The fund will also be used to enhance the Environment Protection Authority's ability to detect and prosecute illegal waste operators.

Tackling littering

NSW 2021 sets the target of NSW having the lowest litter count per capita in Australia by 2016. This \$20 million fund will revitalise anti-littering efforts across NSW in collaboration with local communities and councils; \$10 million is specifically allocated for local government programs and initiatives.

A new state-wide comprehensive litter strategy is being developed in order to meet the NSW 2021 target.

The strategy will include:

- grant funding
- new education and awareness campaign materials and resources
- new and upgraded litter infrastructure
- clean-up initiatives
- regulation and enforcement programs
- engagement and support for key stakeholders
- a comprehensive evaluation framework.

The most effective litter prevention outcomes will be achieved by State government agencies, councils and community organisations working together in partnership. Communities will be supported to identify and address local litter priorities. Community involvement in tackling litter priorities will be supported by providing resources and grants.

**\$20 million
over 5 years**



Improving the operation of the waste levy

The waste levy is a market-based instrument that commenced in 1971 in NSW. The waste levy corrects a market failure by making recycling cost competitive against landfill disposal.

The KPMG review proposed improving the waste levy, as outlined below:

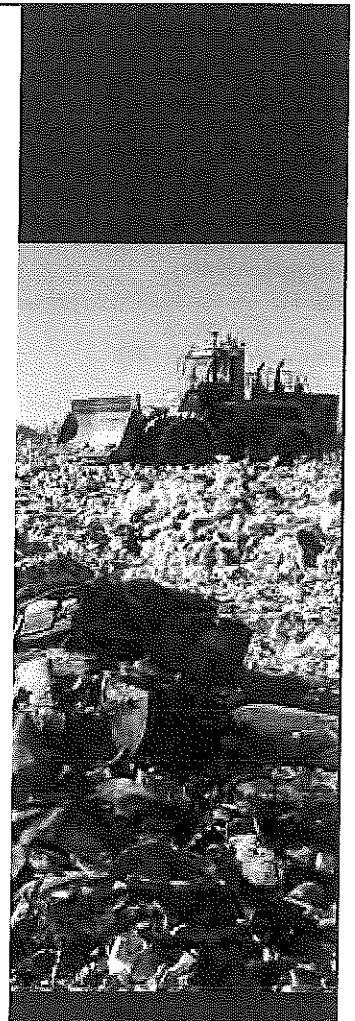
1. Reinstating a levy exemption applying to 10 per cent of virgin excavated natural material disposed of at a landfill

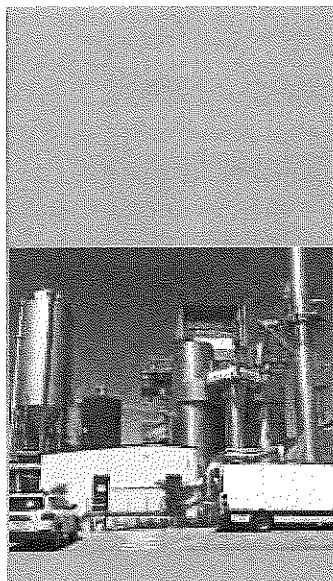
The reinstatement of the 10 per cent exemption will apply to the levy payable on virgin excavated natural material disposed of at a landfill, to enable operators to re-use the material on-site for operational purposes. This amendment will be included as part of the upcoming review of the Protection of the Environment Operations (Waste) Regulation.

2. Structural adjustment program to assist NSW metal shredders

A 5-year structural adjustment program will be introduced to assist the three metal shredding operators in NSW modernise their operations in order to reduce the amount of waste they generate. As part of the program, from 2013–14 to 2015–16 shredder floc from NSW metal recyclers will receive a 50 per cent deduction on the applicable levy rate when disposed at landfill. This deduction will decrease to 25 per cent from 2016–17 to 2017–18.

In addition, from 2013–14, the three metal shredders will be able to apply for Recycling Innovation contestable grants of up to \$5 million over the 4 years to invest in capital equipment, facility alterations, market development and research to decrease the amount of residual waste produced or find re-use solutions for shredder floc.





Energy recovery

One issue raised by industry and local councils during the waste levy review was the need for NSW to modernise its Energy from Waste policy.

The NSW Government recognises that efficient energy recovery from residual waste (that is, post recycling waste) has a place to help make NSW a more resource efficient economy. The aim is not to get the most waste into energy recovery but to get the most energy out of waste that cannot be recycled cost-effectively.

A multi-stakeholder committee comprising of representatives from the NSW Environment Protection Authority, industry, environment groups and local government has developed a draft Energy from Waste policy.

The draft Energy from Waste policy is being released for public comment in conjunction with this package. This new Energy from Waste policy will provide regulatory certainty for investors, councils and industry.

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Sustainability Action Plan (SAP) Implementation 2011- 2015

The Sustainability Action Plan set directions and identified actions for a range of sustainability goal areas for the period of 2011-2015. It adopted the framework used by the State Government's Waste and Sustainability Improvement Payments Program (WaSIP) and has guided project content and priorities for Council's WaSIP funding.

61 per cent of the actions identified in the SAP have been successfully completed, with:

- 9 out of 20 Climate Change projects implemented
- 13 out of 22 Biodiversity projects implemented
- 19 out of 23 Waste projects implemented
- 15 out of 20 Water projects implemented
- 11 out of 17 Energy projects implemented
- 3 out of 11 Transport projects implemented
- 3 out of 5 Sustainable Purchasing projects implemented.

While the SAP and WaSIP funding have not been exclusively linked one to the other, the Sustainability Action Plan has been an effective tool for prioritising work towards Council's sustainability goals significantly assisted by the steady flow of sustainability projects funding from WaSIP.

The Sustainability Action Plan was positively received by the community and has demonstrated a commitment to reducing Council's use of natural resources.

The cessation of WaSIP funding after 2012/13 will result in slower progress on SAP actions, based on the current allocation of Council resources. It is timely to update the SAP to reflect both completed and deleted actions and current priorities based on Council's resourcing capacity together with non-WaSIP partner resources.