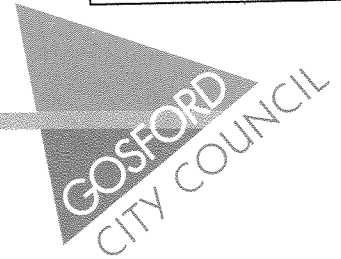




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Submission
No 32



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Please Quote 1994706

Mr R Benson
30 March 2006

The Committee Manager
Standing Committee on Public Works
Parliament House
Macquarie Street
SYDNEY NSW 2000

RE: INQUIRY INTO MUNICIPAL WASTE MANAGEMENT IN NSW

Dear Sir/Madam

I refer to the letter of 30 January 2006 from Kevin Greene MP, Chair of the Committee, seeking Councils views on a number matters relative to the inquiry. Council wishes to provide the following response to the issues raised.

1. Best practice approaches for municipal waste contracting

Gosford Council currently contracts its Domestic Waste Management services comprising:

- * weekly kerbside collection of domestic garbage and delivery of the waste to Councils landfills for disposal.
- * fortnightly collection of domestic recyclables. Contractor retains ownership of recycled products, incurs the cost for sorting, which are offset by the sale of products. The contractor pays the disposal costs for contamination.
- * fortnightly collection of garden organics. Contactor retains ownership of the garden organics, incurs the processing costs, which are in part offset by the sale of the products. Contractor pays disposal costs for contamination.

The capital costs incurred by the contractor in providing these services dictates the need for long term contracts. One example of the difficulty in tendering for a long term contract is the uncertainty of waste disposal costs which can increase at the whim of the State Government as witnessed by the recent announcement by the Premier that the State Waste Levy for the Extended Regulated Area (ERA), of which Gosford Council is part, will increase from the current amount of \$15 per tonne to in excess of \$57 per tonne in 2010/2011. This will be further addressed in the submission.

Councils current Domestic Waste Contract is working effectively and the service is well received by our residents. The three bin system is relatively simple for the



Leading to the future whilst serving for today

residents and contamination levels for the recyclables are currently less than 7% and less than 1% for the garden organics which we believe are excellent results.

Council is currently tendering for the next waste contract to commence in 2008. Gosford and Wyong Councils have aligned the expiry dates of their current contracts to enable the option of a tender for a regional contract. Tenders are being invited for both a regional contract and separate contracts for each Council to determine if there are financial benefits for a regional contract generated through economies of scale.

It is our view that individual Councils need to determine the most appropriate contracts to meet the specific needs of their community. Best practise approaches can be beneficial as a guide only.

2. Landfill and levy issues impacting on municipal waste

The State Waste Levy was first introduced in 1996 as an economic driver to increase landfill costs and work towards the State waste target of a 50% reduction in waste to landfill by the year 2000. This was promoted on the basis that there was a shortage of landfill capacity and greater effort was needed in resource recovery. The Local Government and Shires Associations argued without success that a minimum of 55% of the income from the State Waste Levy should be returned to local government to fund waste minimisation strategies and initiatives. This has never been achieved and needless to say, neither was the waste reduction target.

The levy in the ERA was \$4 per tonne when first introduced in 1996 and today stands at \$15 per tonne and as previously indicated will be in excess of \$57 (plus GST) per tonne in 2010/2011. The Premiers announcement of 29 November 2005 of a massive increase in the levy came after zero public consultation. The new Waste and Environmental Levy as it is to be called is now simply a TAX that has been designed to provide funds for the State Government. The government has lost all credibility on the linkage of the waste levy to waste reduction.

The State Government has estimated that a total of \$773 million will be raised by the Waste and Environmental levy over 5 years with \$397 million to be spent on environmental programs with the balance being retained by the State Government. There is no current legislation that obligates the State to expend the \$397 million on the environmental programs.

Council at its meeting of 7 March 2006, considered a report on the new Waste and Environmental levy and resolved to write to the Minister for the Environment seeking that 100% of the new levy (TAX) be returned to fund environmental restoration programs and waste minimisation initiatives. Council further resolved to seek a commitment from the State Government that the funding for the City and Country Environmental Restoration Program be incorporated in legislation.

A portion of the \$397 million does have a nexus with waste with \$80 million over 5 years being available for waste rebates and \$18 million over 5 years to combat illegal dumping. Information provided by the Department of Environment and

Conservation (DEC) indicates that with the waste rebate scheme, residents will only be paying a maximum increase of 20c per week in 5 years time. This is totally misleading as the \$773 million less the \$80 million rebate will in the main be funded by the residents of NSW as manufactures and retailers simply hand on their increased costs for waste disposal. Residents taking waste directly to landfill will pay the full levy with no access to a rebate.

It is worth citing various overseas funding models in relation to the distribution of funding to encourage the increase in waste diversion. In the United Kingdom for example, the Government have recognised that considerable progress needs to be made in response to the European Commission Landfill Directive and have estimated that up to 600 -700 million pounds per year of investment is required over the next 10 years. In the UK there are three main funding sources currently available including:

- * New Technologies Fund
- * Waste Performance and Efficiency Grant
- * Private Finance Initiative Grants

Despite the significant funding to be obtained by the NSW State Government from the new levy (TAX) there does not appear to any proposal to assist with the funding waste minimisation initiatives such as Alternate Waste Technologies. This is in contrast to other States such as Western Australia where for the Perth metropolitan area the Waste Levy of \$3 per tonne for putrescible waste and \$1 per tonne for inert waste goes into a dedicated fund to support waste minimisation initiatives. A stark contrast to the NSW approach.

With regard to the issue of illegal dumping, there was a level of this activity even before Council introduced landfill charges. With the spiralling costs of landfill gate charges we are seeing a substantial increase in illegal dumping. Concerted efforts have been made to combat illegal dumping including the placement of rock and earth barriers to restrict off road access, erection of gates on tracks, erection of warning signs, a Dob in a Dumper campaign with financial rewards where information leads to a successful prosecution and after hours patrols by Council Rangers. These are costly initiatives that have met with minimal success. Within our area we have extensive areas of National Parks, State Forests and Crown Land. In recognition of the level of illegal dumping that occurs in the National Parks, Council currently provides a 75% discount on tipping fees for the NSW National Parks. Having regard to the substantial increase in disposal costs that Council will incur due to the increased waste levy, the current discount for National Parks will not be sustainable and National Parks will have to meet the full cost for waste disposal at Council landfills.

It is also Councils view that a waste levy in excess of \$57 per tonne (plus GST) combined with the actual landfill gate charge for the landfill operations (plus GST) will provide a significant incentive for illegal activity. With very limited opportunity to catch people undertaking illegal dumping, Council will be faced with ever increasing costs to clean up and dispose of this material including the payment of the \$57 per tonne levy to the State Government. This will provide income to the State Government whilst depleting Council of much needed working funds.

In relation to the cost implications of the Waste and Environmental levy, Council is very concerned with the DEC's administration of the current waste levy in relation to the use of operational materials that are a necessary component in landfill operations.

It is in Council's interest to retain the maximum void space for the disposal of putrescible waste and for this reason Council has operated, for a number of years, an alternate cover system that eliminates the need for daily cover by soil/clay. Due to the nature of our landfill operations we do however have a constant need for other materials. Virgin Excavated Natural Material (VENM) is required for numerous purposes within our landfills and in many instances is required to meet strict performance standards to ensure Council's compliance with the requirements of our operating licence. Examples include cell walls, clay liner systems, access roads within the landfill, hard stand areas to access the tipping face, cover material for hazardous wastes such as asbestos and interim sedimentation control structures.

Under current DEC administration practices, required operational materials purchased from a quarry do not attract the levy. However, if suitable material is excavated from a building construction site, this material is classified as "waste" and therefore the levy is payable (notwithstanding Council's ability to claim a maximum rebate for VENM of 10%). In the past, if Council had a potential use for this type of material it was tested and subject to it meeting the required standards, it was purchased. Where materials were of no operational use, landfill charges and the levy were applicable.

Quarrying is a restricted activity and we are finding it increasingly difficult to source suitable clay material for our landfill operations. We have in the past been able to beneficially utilise clay excavated from building sites and now, due to the DEC policy, we have the ridiculous situation where it is cheaper to purchase quarried material. This situation requires urgent review as it adds weight to the argument that the State Government has a greater interest in raising revenue than in sustainability.

3. The effective and more extensive use of new waste technology.

The immediate impact of the newly announced Waste and Environmental Levy (TAX) will be to force Councils and other landfill operators away from the landfilling of putrescible waste and force them to use capital intensive Alternate Waste Technologies (AWT). By way of example, the newly awarded contract for the AWT to service the MACROC councils was recently the subject of an article in the December 2005 edition of the "insidewaste" publication. This article advised that the contract for the AWT facility was \$150 million over a 15 year period.

Under current DEC policy, all waste from an AWT process that is landfilled is subject to the landfill levy (TAX). Council proposes that waste generated from an AWT should be exempt from the waste levy or at a minimum should attract a much smaller levy in recognition of the costs incurred to treat the waste. This is a major

issue and requires detailed consideration to demonstrate that the Government has a genuine interest in waste reduction and environmental outcomes.

Gosford Council has previously considered the use of an AWT but decided at that time to defer implementation due to costs, the length of the likely contact period and also a level of uncertainty as to the sustainability of the technologies.

The State Governments new Waste Levy (TAX) has forced to Council to urgently review its position and it is estimated that Council will be treating domestic waste in an AWT within 5 years.

Should you require any additional information in relation to Councils submission please contact Council's Manger Waste Services, Mr Robin Benson, on 4325 8363.

Yours faithfully



Peter Wilson
GENERAL MANAGER