



**New South Wales Local Government,  
Clerical, Administrative, Energy, Airlines and  
Utilities Union**

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Ref: INDU  
Contact: Lyn Fraser

13 April 2006

The Secretary  
Standing Committee on Public Works  
Legislative Assembly  
NSW Parliament  
Macquarie Street  
SYDNEY 2000

Dear Sir or Madam,

**Re: INQUIRY INTO MUNICIPAL WASTE MANAGEMENT IN NSW**

Please find enclosed the United Services Union submission to the inquiry into Municipal Waste Management in NSW.

Should you have any questions about the submission, please contact our Research Officer, Lyn Fraser on 02 92658211.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ben Kruse', with a long, sweeping horizontal stroke extending to the right.

Brian Harris  
GENERAL SECRETARY  
Per Ben Kruse  
Manager Legal and Industrial



Submission from

New South Wales Local Government, Clerical, Administrative,  
Energy, Airlines & Utilities Union

To

NSW Parliament, Legislative Assembly,  
Standing committee on Public Works

## **Inquiry into Municipal Waste Management in NSW**

New South Wales Local Government, Clerical, Administrative,  
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2006

## **Introduction**

Local government has significant physical, environmental, economic and social responsibilities in Australian society. The USU is the primary union covering local government workers in NSW and many of our members hold positions with responsibility for waste management services.

Some of the responsibilities of our members include: management of local tips; waste collection, community environmental education; promotion and demonstration of waste reduction programs; waste audits; research, analysis and report writing; research policy development; provision of feedback to state government on the effectiveness of policies and programs; promotion of waste minimisation measures.

For out-door operational workers directly involved in waste collection, it can be dirty and dangerous work. As the union covering these workers, it is important that we note that there has been considerable job loss in local government waste collection in the past decade. This has largely been the result of councils deciding to contract out services to private contractors. The decision of some councils to tender and contract out waste management services is often based on perceived economic benefits without adequate consideration of the impact on other areas of responsibility. Consequently it can have negative impacts on the environment, employees and local communities - but these impacts can become even more difficult to monitor with reduced accountability and control resulting from contracting firms further sub-contract to other parties.

This submission, in part, reflects some of the feedback which our union has received on waste management issues. It will briefly discuss two issues

- Waste reduction  
and
- Waste collection and the impact of contracting out

## **Waste Reduction**

The inquiry being conducted by the Legislative Assembly Standing Committee on Public Works focuses on Municipal Waste Management in NSW. However it is important to stress at the outset that long term solutions to the problems resulting from waste generation require effective measures to reduce or eliminate the generation of waste high up the waste stream long before waste becomes a local government responsibility. Some of our members are involved in promoting waste reduction through consumer education and report a degree of success with these measures and it is clear that engagement with the community on these issues is critically important. Nevertheless there are a number of factors which limit the success of waste reduction programs. Some of these factors include the following:

- a. Rampant consumerism. In recent decades, affluent societies have increasingly become “throw away societies” that are accustomed to disposable goods. It is very difficult to alter waste generating behaviour because it is confronting: it is so closely linked to people’s way of life, their perceptions of needs. These perceptions are often reinforced by the media and the economic and political context. Indeed, government policy can be counterproductive in as much as it promotes consumption to stimulate continued economic growth. However, policies encouraging economic growth without adequately take into account the long-term environmental impact, and are

not sustainable, can have dramatic negative economic impacts for a range of industries as well as the health of communities.

- b. Lack of funding from State government, and limited continuity of funding for programs that are initiated, regardless of how successful they are. For example, the Earthworks program for community waste education has been very successful over the last 10 years but support from the Department of Environment and Conservation (NSW) has now declined.
- c. Weaknesses of the Waste Avoidance and Resource Recovery (WARR) Strategy 2003:
  - i. outlines a number of specific targets but provides very little implementation detail
  - ii. alludes to a 'lifecycle' approach to waste but does not set out specific targets that are binding on manufacturers, suppliers or retailers.
- d. Consequently, waste reduction programs must place almost all the responsibility for managing waste on residents and consumers. It is this group that must then ultimately take in the information, pay the cost and alter their behaviour in response to any program or campaign. This is despite the fact that it is waste from the commercial and industrial sector going to landfill that has grown much more rapidly than household waste over the last 10 years.
- e. Most of the costs and problems associated with waste management are the result of externalizing the costs and environmental impacts from the production process to keep consumer prices down.

Strategies needed to address some of these problems include:

- a. Strengthening NSW legislation and WARR Strategy to place more onus on the commercial and industrial sector for waste reduction, particularly in the area of packaging.
- b. Government support (through policy, incentives etc) to stimulate Manufacturers to shift towards extended producer responsibility, such as leasing arrangements for appliances and equipment rather than one-off sales.
- c. More government incentives and support for retailers who are leaders in waste reduction initiatives. Consumers should be given better information and access to products that are lower waste alternatives and retailers who are trying to minimize waste.
- d. Local governments need better guidance, including implementation detail, for effective and sustainable waste programs and solutions.
- e. Long term, coordinated planning is needed. Landfills are not a long-term solution. We need a strong, sustainable, long-term policy and associated planning for treating all municipal waste through Alternative Waste Technologies in the future. Waste management policy needs better integration with energy, water and associated

environmental and planning policies. The development of a specific State Environmental Planning Policy (SEPP) for the planning and siting of a distributed network of waste sorting, processing and recovery (including waste-to-energy plants) in growing population and industrial areas would be beneficial. The development of a number of new AWT projects in the Sydney area (including Eastern Creek, Woodlawn and Jack's Gully) is a promising sign but Councils need more state government support for getting involved in such projects, to overcome the significant disincentive of risk, such as was the case in Wollongong with the failed Brightstar project.

## **Waste Collection and the Contracting out of Collection Services**

Advocates of competitive tendering and contracting out of services traditionally provided by the public sector argued that the process reduces cost. However, mounting evidence now shows that savings are often made at the expense of employees. Studies conducted in Britain and Australia have shown that the process leads to a reduction in secure long term jobs and increased interruptions in working life.<sup>1</sup> This has a negative impact on the savings capacity of families, their quality of life, their ability to pay mortgages, their ability to plan and their capacity to prepare for retirement.

Studies have also shown that tendering and contracting-out leads to significant decreases in employment which has a disproportionate impact on particular groups of employees creating "poverty traps". For example, workers over 45 years of age are most vulnerable as various studies have shown that contractors are more incline to employ younger, fitter workers. An increasing pool of older workers bear the brunt on tendering and contracting processes as they have difficulty finding alternative employment.<sup>2</sup> This has many social consequences as contractors turn their back on the employment of older workers who have families to support. It is likely that under the new federal industrial relations legislation issues of employment security, pay and conditions will be further exacerbated when services are privatised through contracting out.

In NSW local government, census statistics indicated that between 1996 and 2001 approximately 760 labourer jobs were lost.<sup>3</sup> Whilst this reduction cannot be totally attributed to contracting out, it was certainly a significant factor.

Some contract firms reduce costs through payment of lower wages and conditions, often preferring non-unionised workers. Advocates of the process have at times stated that the process of CT and CO should be accompanied by a reduction of "interference" from trade unions and government regulations.<sup>4</sup> However, such cost reductions are not efficiency gains but a redistribution of wealth

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<sup>1</sup> K. Ascher, *The Politics of Privatisation, Contracting Out Public Services*, McMillan Education, London, 1987. J. Quiggin, "Fiscal Gains from Contracting Out: Transfers or Efficiency Improvements", *Australian Economic Review*, Third Quarter, 1994. P. Ranald "Australia Council of Trade Unions Submission" in M. Paddon & R. Thanki (Eds), *Australia's Contracting Public Services*, Public Sector Research Centre – University of NSW, Collected Papers No. 2, 1995.

<sup>2</sup> Asher Op Cit. & Ranald Op Cit.

<sup>3</sup> United Services Union, "Employment Info Series- Info Sheet No. 1.1, NSW Local Government Employment" 21 May 2003.

<sup>4</sup> See Domberger, Meadowcroft and Thompson, *The Impact of Competitive Tendering on the Cost of Hospital Domestic Services*, Graduate School of Management, University of Sydney, 1987:9, Australian Chamber of Commerce, Contracting out as a form of privatisation – a study of Victorian Local Government, ACC Research Paper No. 1 1988a;

from the workforce to profits (which may go overseas). Reduced pay for workers will reduce their spending power and can impact negatively on the wider community. Even where cost savings are achieved by an increase in work intensity, it has been argued that this constitutes a transfer of wealth from workers to employers.<sup>5</sup>

Despite the initial hype regarding purported cost savings at the local level (which have often been heavily disputed), a number of studies have now shown that there can be few if any macro economic benefits from the process of contracting out.<sup>6</sup> Further, some studies have indicated concerns regarding lost flexibility and accountability, for example a study by the Evatt Research Centre (1990) noted that a significant number of managers reported that the process often left councils with unplanned expenses or problems resulting from a lack of accountability, quality control and reliability on the part of the private contractors.<sup>7</sup> Concern about inflexibility as well as lost accountability and control have also been reflected in comments from council operational staff. One union member recently noted that the advantages on services provided by council day labour (as opposed to the use of private contractors) are as follows:

(a) Advantage for the council are that there is a direct line of responsibility for all aspects of the business. Disputes over service levels are settled in house not in court. There are no disputes over contract variations or disputes relating to additional work over and above the contract specifications.

Council can plan programs in consultation with staff without having to worry about the financial impact on an outside contractor and disputes that may arise from such programs.

Council can at any time conduct trials to ascertain the type and frequency of service that best suits the community. Council can then vary the service at any time without reference to a contract or a contract termination date.

Council can also have a greater control of occupational health and safety matters and systems under which staff work, rather than being reliant on reporting from an outside organisation.

(b) An advantage for the council employees is that they have a more secure employment arrangement and this has a positive impact on the quality of life for their whole family.

(c) Advantages for the community are all of the above.

### The Rise of the Contract Industry

Throughout the last few decades the scope and magnitude of contract work has dramatically increased. A large number of firms contracting for local government services are multinational companies who take profits overseas. These corporations appear more responsive to pressure from share holders than environmental imperatives or community concerns.

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Lindsay G. *Privatisation: Restating the Obvious*, Centre for Independent Studies Policy Report, Vo. 4 No. 2 April 1988 , Hensher and Beesley "Contracts, Competitive Bidding and Market Forces: Recent Experience in the Supply of Local Bus Services", *Australian Economic Papers*, Vol 28, No. 53 December 1989.

<sup>5</sup> Quiggin, Op. Cit. 1994

<sup>6</sup> M. Paddon & R. Thanki (Eds) , *Australia's Contracting Public Services*, Public Sector Research Centre – University of NSW, Collected Papers No. 2, 1995.

<sup>7</sup> Evatt Foundation, *Breach of Contract – Privatisation and the Management of Australian Local Government* Evatt Foundation and Pluto Press, Leichhardt, 1990: Preface.

Waste management is a multi-billion dollar industry and a number of large corporations have been increasingly cornering the global market and jostling for position in the Australian garbage business. These corporations have high turnover rates which dwarf the revenue base of local authorities. Consequently some councils have experienced 'low balling' tactics of large contractors who bid low so they can secure the market and recover cost and profits later. Such activities not only negatively impact on regional economies but also national economies.

At a period of heightened interest in privatisation of waste management, in Australia in the early 1990s, sections of the media took an interest in the activities of rapidly growing corporations which were vying for local waste management business. For example, an ABC Four Corners program titled "Titans of Trash"<sup>8</sup> reported on strategies of the world's biggest trash company "wasting local rivals" and an article in the Australian Financial Review reported that four big players were "scooping up the competition in Australia".<sup>9</sup>

Ironically the rhetoric put forward by advocates, for an expansion of the private sector in waste management, argued that the industry could benefit from increased competition - yet the large agglomerates which benefited from this strategy tended to be those which actively absorb competitors.

As already noted, some advocates of contracting out in Australia have consider the process to be a useful means of reducing what they perceive to be the "interference" from government regulations. Managers have often found in practice that the process reduces accountability and control by the tendering authority.<sup>10</sup> The tendering authorities are further distanced from the production process where contracting firm further subcontract work to others. Consequently, it is more difficult to monitor compliance of subcontractors with respect to a range of government requirements and other regulatory obligations.<sup>11</sup>

Earlier research in Canada and the United States in the 1970s, revealed the behaviour four large waste disposal companies which had taken over hundreds of small firms. Harold Crooks later chronicled these "garbage wars" revealing techniques used by financially strong companies to drive out weaker rivals and presented accounts of community opposition to reckless environmental practices, the fears of small company operators and the numerous law suits related to unauthorised dumping of waste and other illegal activities.<sup>1213</sup>

Having revealed these activities Crooks concluded:

On many occasions, its actions have been outside the law: on others, it has skirted its boundaries. This record raises the question of whether the private sector is a suitable institution to control North America's refuse flows. This question arises not from the activities of particular individuals and corporations but from the basic fact that the interests of the private waste management industry often cannot coincide with the public interest... As these giant contractors grow to the point where they dwarf most municipal governments in power and resources, regulating them effectively will be more and more difficult. Before it's too late, public authorities should ask themselves whether they want to engage in an

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<sup>8</sup> ABC "Four Corners" aired on 29<sup>th</sup> April 1991

<sup>9</sup> Kohler, A. "Bin there, done that: the battle for our garbage", Financial Review, p 52, May 23, 1991.

<sup>10</sup> See Evatt Research Centre, Op Cit.

<sup>11</sup> As referred to in Paddon and Thanki, Op Cit p31.

<sup>12</sup> Crooks H., *Dirty Business: the inside story of the new garbage agglomerates*, James Lorimer & Company, Publishers, Toronto Canada, 1983.

<sup>13</sup> For reports by an environmental organisation detailing actions highlighting the conflict of share holder interest over environmental and community concerns see Greenpeace Waste Management Inc: An Encyclopedia of Environmental Crimes & Other Misdeeds, C. 1991.

endless wrestling match with these transnationals or whether it is better to recognise the monopoly basis of the service they provide and seek imaginative forms of public control.<sup>14</sup>

## **Conclusion**

This brief submission has been based on the assumption that all spheres of government share responsibility for the well-being of society, its workforce, its communities and its environmental assets. As policy makers, regulators, major employers and custodians of public assets, governments play a critical role in shaping the future direction of the nation.

Commitment to waste reduction is the responsibility of all governments as well as consumers and should also be seen to be a responsibility of industry. As we all become increasingly affected by the reality of the dwindling nature of the natural resources and the impact of pollution, it is indeed a critical time to consider issues relating to patterns of consumption, the need for waste reduction as well as the processes involved in waste management. Studies and experience from the local government sphere suggests that primacy should not be given to market forces or purely economic arguments when searching for future directions - this would represent an abrogation of responsibility for the future sustainability of our communities as well as our natural resources.

It is the view of the union that responsiveness to community needs and public control of future environmental initiatives is best achieved through public ownership and operation of waste management systems. However, there is much more that can be done by the industrial and commercial sector to reduce the production of waste up-stream, long before it becomes the responsibility of local government. Both carrot and stick measures can be used to reduce the manufacture of waste and encourage industry to continue to take responsibility for their products through their full life cycle.

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<sup>14</sup> Crooks Op. Cit. p215f