Domestic waste management charges - Discussion Paper

Submission date: 20 October 2020, 4:56PM

Receipt number: 106

Related form version: 5

Question	Response
Feedback and Submission Form	
Industry	Local Government
Review	Review of domestic waste management service charges
Document Reference	c1e253a1-4210-41d3-97de-3be8f315fce7
1. Are there concerns with the prices councils charge for domestic waste management services? Why/why not?	As per attached submission paper
2. If there are concerns, how should IPART respond? For example, if IPART was to regulate or provide greater oversight of these charges, what approach would be the most appropriate? Why?	As per attached submission paper
3. Would an online centralised database of all NSW councils' domestic waste charges allowing councils and ratepayers to compare charges across comparable councils for equivalent services (eg, kerbside collection), and/or a set of principles to guide councils in pricing domestic waste charges, be helpful? Why/why not?	As per attached submission paper
4. Do you have any other comments on councils' domestic waste management charges?	As per attached submission paper
5. Which Council do your comments relate to?	City of Newcastle
Your submission for this review:	As per attached submission paper

If you have attachments you would like to include with your submission, please attach them below.	Letter to - Department of Planning - City of Newcastle Submission - 20yr Waste Strategy.pdf Letter to - Department of Planning - City of Newcastle Submission - The Future for Waste and Resource Recovery in NSW.pdf Letter to - Department of Planning - City of Newcastle Submission - Redirecting the Future of Plastic in NSW.pdf City of Newcastle Submission to IPART Domestic Waste Management Charge.pdf
Your Details	
Are you an individual or organisation?	Organisation
If you would like your submission or your name to remain confidential please indicate below.	Publish - my submission and name can be published (not contact details or email address) on the IPART website
First Name	Troy
Last Name	Uren
Organisation Name	City of Newcastle
Position	Manager Waste Services
Email	[redacted]
IPART's Submission Policy	I have read & accept IPART's Submission Policy

City Wide Services.Waste Services
Phone: [redacted]

20 October 2020

Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop
SYDNEY NSW 1240

To Whom It May Concern

REVIEW OF DOMESTIC WASTE MANAGEMENT CHARGES

The City of Newcastle (CN) welcomes the opportunity to provide a submission in response to IPART's Local Council Domestic Waste Management Charges (DWMC) Discussion Paper.

Newcastle is a significant regional city located on the East coast of Australia, approximately 160 km north of Sydney. The Newcastle Local Government Area (LGA) has a population of approximately 160,000 persons, occupying 65,000 households. The LGA covers an area of 187 km^2.

CN offers a three-bin (general waste, mixed recycling, green waste) and bulk-waste service to its residents. CN outsources its mixed recycling service to a contractor and manages collection and disposal of its general waste and green waste streams. CN owns and operates the Summerhill Waste Management Centre (SWMC) with commercial arrangements extending to the Hunter Region and Sydney. CN is currently developing their Waste Strategy to 'pivot' operations at the SWMC from a predominantly landfill operation toward resource recovery by embedding circular economy into the future operational design.

CN is well placed to provide insight to IPART on this matter as CN is aware of the full life cycle of costs associated with the delivery of service being a blend of both owner/operator and outsourced of services.

CN believes the public and private sectors both have a role to play within the market, and IPART requires further in-depth analysis to understand the market and associated barriers. There is potential for significantly better outcomes within the industry should a more considered, and sophisticated approach is adopted.

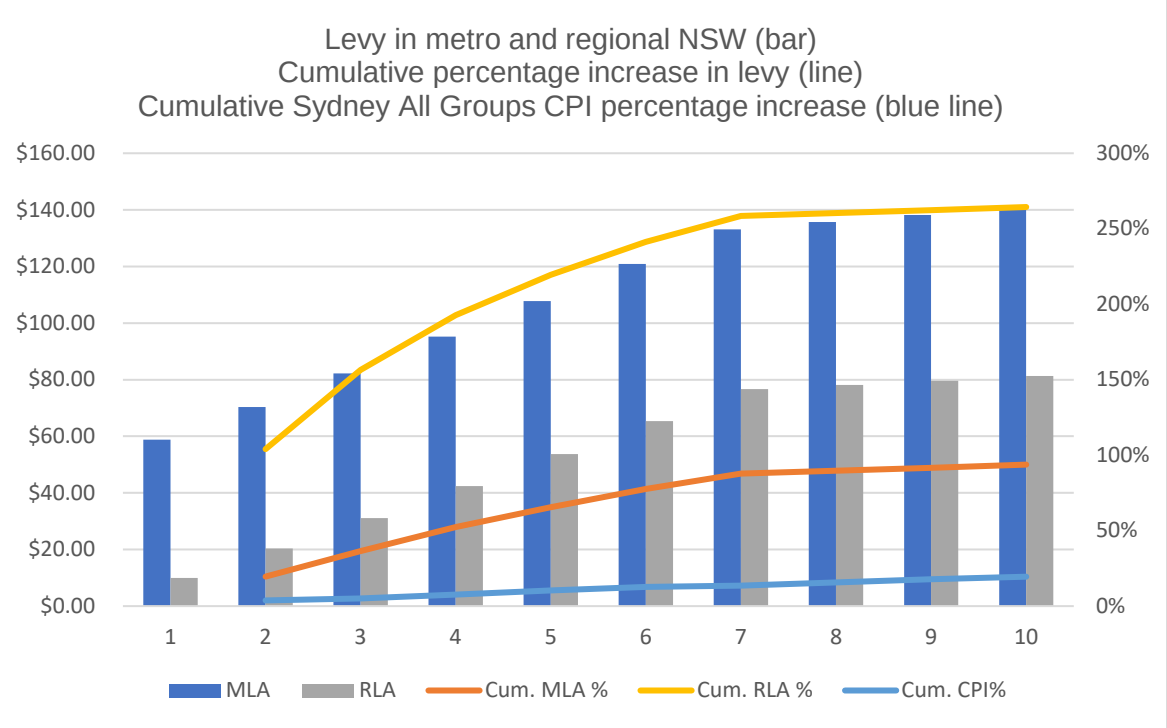
Response to list of questions in the discussion paper

1. ***Is it a concern that DWM charges appear to be rising faster than the rate peg? Are there particular cost-drivers that may be contributing to this?***

The DWMC is rising faster than the rate peg as waste management is governed by complex market factors. To understand these complexities, IPART will require guidance by industry experts; CN is willing to work with IPART on this matter.

Factors that contribute to the DWMC include:

- The NSW EPA Waste Levy is a significant contributor to cost and typically represents approximately 50-65% of the cost of disposal. Over a similar period to which IPART has compared increasing cost, you can see, by the graph below, that the NSW waste levy has increased around 100% in the metro area, and over 250% in the regional levy area whilst the Sydney All Groups CPI has increased only 19%. If the State is concerned about price changes in the waste industry, it should also consider a review of its own waste levy. Further, if the waste levy must remain, then it must be hypothecated back to the industry. Over the last two years, only 16% of the levy collected has been injected back into the industry. CN pays approximately $37M in levy annually and only receives $178K back through the BWRF.



- Significant recycling market disruption limiting end markets and impacting commodity value. At a high level, the sequence of events have been as follows; China National Sword Policy comes into effect disrupting Australian recyclables export, market glut in Australia causing increased cost for reprocessing and gate rates, COAG Export Ban, facility shutdowns due to oversupply and non-viable operations due to uncertainty of end markets for commodities.
- The recent impacts on the industry related to the management of recycling have also represented a significant increase in the cost to deliver the same outcome as the erosion of commodity value has occurred. The significant cost increases relate to environmental, planning, fire, insurance and increased processing requirements.
- The introduction of a CDS has also impacted on the value of the commodity stream at the kerbside by cannibalising all high-value material from this stream. It should also be noted that when the cost per tonne of collection of CDS is considered, it far outweighs the cost of local government delivered services.

- Federal and NSW Government policy pressure to continue investing in resource recovery infrastructure and services to meet increasingly ambitious domestic waste landfill diversion and recycling targets.

Should IPART's intent be to address cost shifting, then directly addressing this issue is warranted. Further CN is concerned that any intervention measures recommended does not cause perverse outcomes to the waste industry.

2. To what extent does the variation in services and charges reflect differing service levels, and community expectations and preferences across different councils?

The variations in services and charges reflect a range of factors including service levels, logistics and contractual obligations. Some of the key influences include:

- **Logistics -** distance of depot to population, and population to disposal locations, housing density, productivity, presentation rates, bin weight, variability of kerbside systems, variability in schedules for each service, compaction ratios, etc.
- **Fleet optimisation** - typically an issue for smaller contracts where the truck cannot be fully utilised.
- **Poor planning** – increased density without adequate consideration of collection over the long term, parking and a lack of infrastructure planning all exacerbate the cost issues and result in higher long-term costs to the community for these services.
- **Capital requirements** – major infrastructure (facility, depot) and bins (including costs incurred for changes and/or replacement).
- **Contract specifics** - term, risk allocation, rise and fall requirements, commodity prices and economic conditions at time of contract execution.
- **Environmental outcomes** – diversion, increased standards and expectations set by Local, State and Federal targets.
- **Enforcement of contamination penalties** – which has been much more prominent due to change in market quality requirements for commodities.
- **Disaster waste contingencies and management,** for example free tipping of green waste for fire reduction risk and bulky goods disposal after floods.

IPART has raised some valid points regarding capital and term, however the comments in the discussion paper does not touch on some of the key issues and cost drivers in the industry. Whilst some gains might be made in fleet, greater gains are expected to arise from:

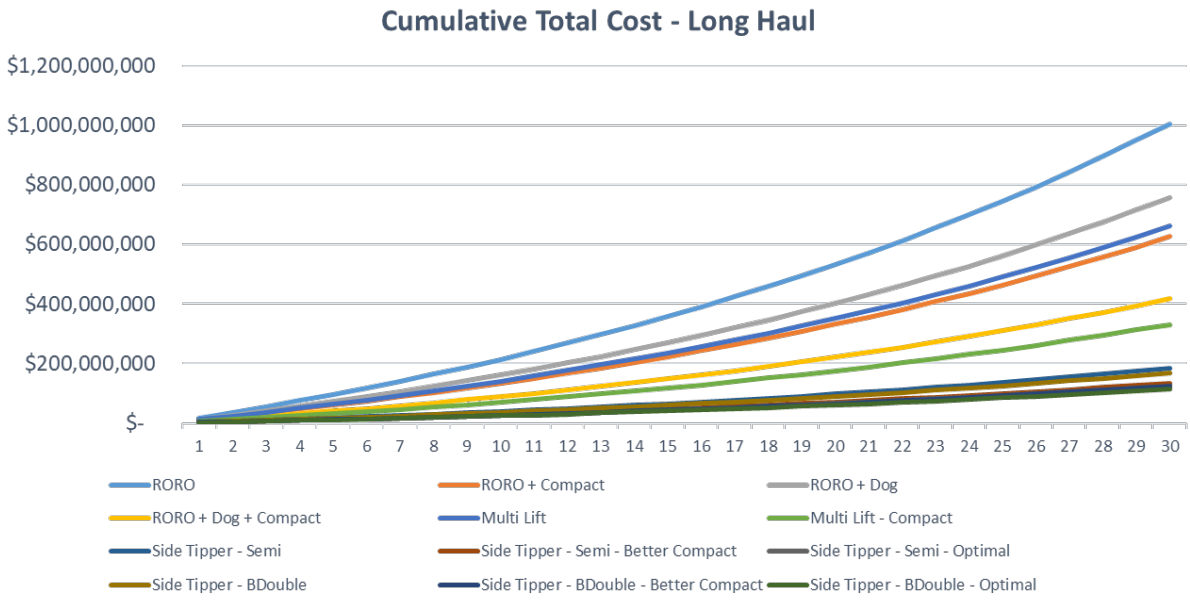
- Better **infrastructure planning,** including the development interface. Waste should be considered an essential utility service and planned for in a similar manner.
- **Government** taking on some of the roles of developing waste precinct hubs and developing some of the infrastructure, taking a much longer-term view (30+ years minimum), and financing this at much lower rates than the market can.
- Allowing the **private sector** to deliver operational services in these hubs under contract with terms more akin to the life of the assets involved (8 for collection, 10 to 15 for processing).

The urbanisation of many areas also has a potential impact on service costs. Greater levels of multi-unit development without careful consideration of collection interfaces can significantly increase costs to serve. Urbanisation and the key relationship with waste has had a negative impact on service delivery and cost in the sector in many ways including:

- Inefficient collection models.
- Traffic and parking.
- Failure to plan for infrastructure close to population and transport.
- Urban encroachment crowding out existing facilities.

Transport can have a significant impact on costs. By way of example, Roll on Roll off (RORO) is a very common form of transport in the waste industry. RORO has significant benefits, however its disbenefits are not widely understood. Its commonly results in its use being perpetuated across Australia. Yet this solution is one of the least efficient methods of bulk transport. The graph below shows the cumulative cost of a number of transport modes transporting 100ktpa about an hour. This is a real example (at conceptual level) for a real Council who were about to build 16 RORO transfer stations.

Procurement is not structured for the market to offer local government better solutions. This difference in cost amounts to almost $1B over a 30-year period, and this example references just one medium-sized Council. There is significant opportunity within the industry by using a more efficient model, making better capital decisions, and supported by levy contributions. This can totally transform this industry with no extra cash and deliver much higher environmental and service outcomes.



3. *Is there effective competition in the market for outsourced DWM services? Are there barriers to effective procurement?*

It is best to understand this matter by breaking the service down into its two components; collection and processing/disposal.

There is effective competition, generally in the collection sector. The key impact on competitiveness in this sector relates to:

- Procurement approaches particularly understanding risk allocation and pricing structure.
- Depot ownership.

There is limited competition within the processing and disposal sector. Some of the key factors relating to this issue include:

- **Term of infrastructure and mix of infrastructure** – IPART is correct that taking a short term view to infrastructure requirements in processing have resulted in infrastructure being paid for by the public sector, only to be transferred to the private sector, and then ultimately representing a barrier to entry in new procurements.
- **Risk and pricing structures** are oversimplified and opaque (simple per tonne rates) with risk borne by parties not best placed to manage the risk.
- **Cost down and a 'race to the bottom'** and oversimplified procurement approaches directly contributed to the concentration of the market and the dismantling of processing facilities in Australia over time.

- **Short term views and 'letting the market decide'** has resulted in packaging up infrastructure with different economic lives and then paying for it over a 10-year period. The local government sector can finance some key infrastructure at a far lower cost than the market.

Waste services procurement requires specialist expertise in a number of disciplines due to the complexities of the industry. Some of these disciplines include:
- logistics
- heavy vehicle national law and vehicle productivity
- industrial relations and labour costs
- finance
- procurement and contract law
- the market
- capital structures
- operations
- environmental objectives and outcomes

It is very rare for a single professional to have these skill sets. In the absence of a party managing procurement without these skill sets, the procurement team may not have the full capability to understand waste service procurement complexities to ensure best service outcomes.

IPARTs focus appears to be on containing cost, yet local government is legislatively required to consider many more requirements than cost when delivering a waste service and assessing tender recommendations. Procurement processes are required to consider value for money (which is not by definition lowest cost), along with environmental, local employment and more often now social and other objectives. To focus on cost in this regard misses the challenges the industry faces and will only serve to perpetuate what has got us here in the first place. Further, local government can not legally comply with a 'cost down' approach. Nor does the community expect us to. In our experience, the community expect us to be much further ahead in the delivery of environmental and social outcomes than we are.

4. Are overhead expenses for DWM services appropriately ring-fenced from general residential rates overhead expenses?

CN has historically engaged a third party to audit and validate CN's rationale behind the DWMC. CN believes that no further measures are required as long as DWMC rationale is documented, and costs can be reliably measured and reasonably associated with the DWMC. When one considers the waste levy exceeding 250% growth in regional NSW when compared to a CPI of 19%. There is no way a regional LGA can contain this cost growth and continue to deliver services without passing on the cost as is required under the act.

CN would support returning a greater proportion of the Waste Levy to Councils by increasing the payments to Councils under the Better Waste and Recycling Fund (BWRF). CN currently pays ~$37M in levy contributions and only receives $175,000 to fund resource recovery projects via the BWRF.

5. If IPART was to regulate or provide greater oversight of DWM charges, what approach is the most appropriate? Why?

CN would welcome oversight and guidelines however it is noted that many of the principles and pricing requirements are similar to the requirements of National Competition Policy which has been in place since the early to mid 1990s.

Additional items for consideration, noting some may be outside IPARTS control include:
- The NSW Waste Levy could be reflected transparently on the tax invoice of any rate notice to clearly define how much of the cost relates to the State waste levy.

- Guidance on the DWMC restricted reserve policy.
- Review of the relevant sections of the Local Government Act to be more reflective of the current environment, demands and expectations.

6. Are there any other approaches that IPART should consider?

Waste is an industry with long-life assets similar in many cases to other utility businesses such as water and energy. Over time, the energy industry is likely to become more fragmented and utility businesses may start to overlap creating circular economy synergies. International waste companies are already structured in this manner (i.e. Veolia, Suez).

As a minimum, waste businesses should be making decisions on full system outcomes (collection, transfer, processing and disposal in one business view), over a minimum 30 year period, incorporating capital, operating and revenue and understanding how decisions impact the price path. It would seem IPART, in part, may share this view. Local governments are prone to base key decisions, regarding waste management, with a relatively short-term view of capital, labour and materials. A long-term view is required to maximise outcomes for the industry.

The general approach to charge the DWMC as a separate line item and the restriction of revenue is supported. The revenue should be able to fund long term initiatives. It is also important that the business is funded first and foremost before revenue is removed onto other general works and services. There is industry examples where local governments have drawn down on revenues from water and waste businesses well before the legal obligations of the business are satisfied which causes concern.

CN has lodged a submission to the State and the Federal Governments related to its view of some of the opportunities that exist within the industry as a whole. See a copy attached.

Particularly with a COVID recovery, there is an opportunity to assist in an Australia wide program similar to the “school halls” program (Building Education Revolution) that was repurposed for community use. This would allow opportunity to:

- Develop regional waste hubs.
- Focus on circular economy both locally, regionally and nationally.
- Put in place transport and material handling efficient core infrastructure.
- Partner with the private and social sectors to deliver outcomes.

The State/Federal Governments could achieve the following key outcomes in this way:

- Fix a market failure and take a long-term view in waste infrastructure (solving some of the issues IPART raise regarding capital).
- Partner with the private sector to deliver what they deliver best.
- Transform existing infrastructure so that it enables much more efficient transport, which will allow markets to operate locally, regionally and nationally.
- Reduce cost to the Australian economy by investigating opportunities to replace existing infrastructure with transport efficient interfaces which will result in a lower overall cost to the economy.
- Advance investment and economic activity related to construction across all areas of Australia.
- Activate economic multipliers in social and private sector employment through construction.
- Resolve industry and environmental issues around recycling and competition.
- Lower overall cost to the economy.

State and Federal Government grant funding could require the Life Cycle Analysis to be completed as part of this approach and replicate it. If a 50% capital grant was on offer, this 50% of capital drives over 90% of the Life Cycle Cost of a waste system which is rarely

considered. The State/Federal Government could then leverage outcomes across the entire Life Cycle Cost by using a 5% of LCC incentive.

Taking such an approach can result in systems, services and infrastructure with real Life Cycle Costs that are 30% to 75% lower than traditional models. A number of these examples are the recipients of National Waste and State Project Management Awards in Australia. CN would welcome the opportunity to provide greater detail on these examples.

7. ***If a reporting and benchmarking approach was adopted, how could differences in services and service levels, as well as drivers of different levels of efficient cost, be accounted for?***

It will be difficult to adequately benchmark waste services without a relatively sophisticated model which includes service density, services/type, outcomes achieved and common inputs. The EPA already collect a significant amount of information which could be used to combine financial and outcome data along with other population and geographical data to avoid duplication of effort.

8. ***Is there merit in IPART's proposed approach to developing a reporting, monitoring and benchmarking approach and pricing principles for setting DWM charges? Is it likely to be an effective approach? Why/why not?***

Councils currently report waste data through the annual WARR return. Data submitted includes:

- DWMC
- Number and types of properties receiving a waste service
- Services
- Waste and recycling generation in tonnes (collected, recovered, disposed) per stream

Benchmarking could be effective in bringing recalcitrant behaviour into line but additional regulatory reporting should be fully considered to understand its value and the resourcing impact it will have to councils when compiling additional information.

It would be helpful to document a set of guidelines on pricing. These should however, include a range of principles other than 'lowest cost'. The lowest cost rarely represents the best value for money, and may encourage under handed activities in the industry. Life Cycle Costs, environmental and other objectives, full capital, operating and revenue in a single 30 year minimum whole of operation model could form the minimum requirement.

9. ***Would IPART's proposed approach be preferable to audits of local councils' DWM charges by OLG?***

Comparisons between councils are extremely difficult due to the variabilities and complexities mentioned thus far. The industry appears to be extremely hard to compare one Council or provider against the next. It is important to note that every Council is at different phases of reaching the national landfill diversion targets. There are ample recovery solutions, and each Council will choose appropriate avenues for their area.

Complying with targeted and specific audits would be the easier option going forward, and the option City of Newcastle council strongly recommend.

If benchmarking, however, was adopted there needs to be clear criteria on how each Council is benchmarked, ensuring no council is worse off.

10. ***Are there any issues that should be considered with regards to developing an online centralised database for all NSW councils' DWM charges to allow councils and ratepayers to benchmark council performance against their peers?***

Councils currently report waste data through the annual WARR return. This could be used as the basis for the centralised database for all NSW councils. Benchmarking of the DWMC will require significant data granularity to be truly comparable. CN does not support this due to the complexity and variability of the DWMC, however, supports improvements toward accountability and transparency.

Should IPART wish greater granularity in the contract agreements with their local council waste service providers, there will be significant issues for the market if line by line pricing is published as this information is commercial in confidence.

Waste services, as a whole, is not a commodity and as such, cannot be defined in a similar manner. It would be helpful for the industry if there were a tradeable commodity market for price finding for key commodities. For example, key value of materials within the industry such as glass, and various grades of plastic etc.

11. Do you agree with IPART's proposed pricing principles? Why/why not?

Key feedback in relation to the proposed pricing principles is as follows:

- It is noted that the National Competition Policy has required and defined Full Cost Pricing for some time and many of these principles are already covered in that approach.
- Definitions require specific approaches and examples. Example, depleting assets like liners and airspace which often financial standards have a difficulty in managing.
- Utilising the term "user pays" implies paying for services consumed. A base-level of service is provided to all residents regardless of whether they utilise the service or not. Weight-based charging has not achieved suitable maturity yet within in the industry to achieve a true "user pays" offering.

12. Are there any other pricing principles or issues that should be considered?

Additional pricing principles or issues for consideration include:

- Life Cycle Costs; 30 year view of capex, opex, revenue.
- Council operationa are already subject to National Competition Policy.
- Volatility of the current commodity industry.
- Weighted towards highest value and best outcome rather than lowest price.

13. Could a centralised database and display of key elements of all successful DWM service contracts (e.g., name of tenderer, service provided and contract amount) assist councils in procuring efficient services? If not, why not?

The Government Information (Public Access) Act 2009 already requires that contract information be made publicly available through a contract register, ensuring transparency. Aggregating data and overall contract cost in a centralised database would not provide enough detail to be used in a meaningful way. Additionally, it may complicate future tender processes for Council. The assumption might be that the outlined costs could be achieved, but the local environment may prevent that from happening.

As each tender and contract has significant differences and considerations, displaying high-level pricing in a centralised database would not benefit either party. Tenderers will consider their rates to be commercial in confidence. Unless the contract terms and individual line item costs are available and displayed in the centralised database, the data would not be useful. Each Council has specific differences, even councils in close proximity to each other will have noticeable differences, which will impact the contract cost. Seeing contract data is already available in accordance with the Local Government Act, a centralised database is not necessary.

An oversimplified publication of prices which result in a cost down approach could have a further negative impact on service providers. Forcing tenderers to drive their cost down, resulting in further monopolisation of the industry, which we are trying to avoid.

As IPART has identified, service providers in the waste collection and waste management space are extremely limited, it is important additional barriers are not created crippling the industry even further. Although cost is important, there needs to be a balance between cost, service outcome and value add.

Should you require any further information on this matter, please contact Troy Uren, Manager Waste Services on [redacted]

Yours faithfully

[redacted]

Troy Uren
MANAGER WASTE SERVICES

City Wide Services.A Jones
Reference: OT2020/01038
Phone: [redacted]

31 March 2020

NSW Department of Planning, Industry and Environment
Redirecting the Future of Plastic in NSW

Email: [redacted]

CITY OF NEWCASTLE SUBMISSION TO DEPARTMENT OF PLANNING, INDUSTRY AND ENVIRONMENT – REDIRECTING THE FUTURE OF PLASTIC IN NSW

Motion from the City of Newcastle

At its meeting on 24 March 2020, the City of Newcastle resolved the following motion:

1 Notes the long-awaited release of two Issues Papers (Cleaning Up Our Act – The Future for Waste and Resource Recovery in NSW & Redirecting the Future of Plastic in NSW) by the NSW Government on 8 March 2020 (Attached)

2 Notes that City of Newcastle paid $32.7 million in the s88 waste levy in the last financial year, and received $176,290 in NSW Waste Less, Recycle More grants (equal to just 0.6% of waste levy paid).

3 That Council makes a submission to both Issues Papers, consistent with its previously adopted positions, encouraging:

   a. State funding to support waste avoidance and recovery, including grants to support councils with major capital investments (including by reinvesting the $800 million S88 Waste Levy into recycling);
   b. The development of a local circular economy, and support for local manufacturing using recycled product;
   c. Deliver consistent education campaigns to promote waste avoidance and recycling;
   d. Introduce producer responsibility schemes for problematic materials.

Further comment:

Over the life of the NSW waste strategy, the City of Newcastle will spend in excess of $1.2B managing its waste. Our communities are demanding improvements in waste avoidance and recycling outcomes, and as a leader in government, we need to lead and respond to these expectations.

By way of background, the City of Newcastle owns and operates the Summerhill Waste Management Centre. Summerhill is approved to operate at 364 thousand tonnes per year and has a total fillable volume of 22 Million Cubic Metres. The Centre services the Newcastle local government area, and is a commercial landfill accepting waste from the broader Lower Hunter area. The Summerhill Waste Management Centre is one of the largest waste operations in NSW.

The City of Newcastle over the financial years 18/19 and 19/20 will spend a record $50M+ on waste management projects in order to shore up our operations and improve waste recovery and recycling. Key projects include the development of a new Resource Recovery Area, an organics processing facility, and the development of a new cell to cater for material which is not diverted at the Summerhill Waste Management Centre.

The City of Newcastle's investments ensure that residents of Newcastle can effectively manage their waste well into the future.

Right now, we believe the community is more engaged than ever in waste management issues. At the same time, the Federal and State Governments are more focused than ever given impacts of the China National Sword policy. A clear focus is moving toward the circular economy. A circular economy however, will need clusters of facilities which can manage waste materials and seek to create value from the resources we manage.

These facilities will need strategic planning and policies which protect them from urban encroachment. Without these types of facilities, the State and the community will not meet their goals, or significant cost will be pushed onto the community with no environmental benefit. Unnecessary cost, creates unneeded barriers to delivering to the community.

The City of Newcastle submits to the State the following key issues and opportunities:

Levy

City of Newcastle ratepayers will contribute at least $23.5 million in NSW Waste Levy contributions to the NSW Government yearly, receiving a small fraction of this back in the form of grant funding to run environmental awareness campaigns.

City of Newcastle advocates that 100 per cent of the NSW Waste Levy should be hypothecated back to the industry into new resource management programs. We believe that there is significant benefit in local and social programs, alongside higher order programs to manage waste materials and unlock the value from these resources.

This view is in line with the recommendation of the NSW Legislative Council Portfolio Committee No. 6 – Planning and Environment report 'Energy from waste' technology, on matters relating to the waste disposal industry in New South Wales.

Waste requires a systems-based approach, taking a long-term view. Transport is a major cost in the system. In our experience, the typical operational costs of a waste management project over a 30-year life will often be in the order of 80% to 90% of total project costs. Yet these operational costs are often locked in at the capital decision stage. The State can assist and ensure that funding is spent in appropriate ways by doing high level cost benefit, life cycle project analysis and ensuring grants are tied to projects considering the overall life cycle cost of the project.

We are aware of recent projects in Australia, where costs have been reduced or contained, all the while almost tripling the diversion of waste from landfill. Being smarter with what we have will go a long way to assisting the community to achieve its goals without locking in unwarranted costs in the long term. This in turn makes our economy stronger and more competitive.

Circular Economy

A circular economy and a ‘highest and best use’ of material approach is warranted moving forward. We will not transform our operations in this regard in one cycle, and it is likely a long-term horizons approach may be required. Much of the key infrastructure will have a 25 to 30-year life so this needs to be considered in the strategic direction.

A key component to a circular economy will come from precinct planning. These precincts will require careful planning and will require co-location of some industries. The precincts will however require protection from urban encroachment. Moving the facilities further away from the population is not the answer, and will result in much higher operational costs (due to increased transportation), again with no benefit to the community.

We believe government will need to take a more hands on approach, still partnering with industry and the community. Letting the market decide, or not putting in place a clear policy position has resulted in the impacts of the China National Sword Policy being greater than they otherwise would have, if Australia had taken a more long-term approach to recycling. Whilst government might not be in the business of picking a winner, we do bring considerable value to the table in being able to take a long-term view. There are some things that government should invest in, in order to allow the market to operate more efficiently.

There are significant opportunities in this space, however key facilities need to be protected, and we need to transform our approach from a problem focused waste business, to solution orientated resource businesses with the customer in the centre.

Waste to energy

The City of Newcastle is not necessarily advocating for waste to energy solutions. As we transition to a renewable energy focus however, the ability to generate energy from waste products will be an opportunity moving forward.

A simple mass burn approach is not perhaps best, as once burnt resources are lost to the productive economy. However, source segregation of materials, and then anaerobic digestion and other options to generate energy (in either gas or electricity form) should be on the table.

Planning matters

Any circular economy solution will require the protection of key infrastructure from urban encroachment. Planning mechanisms need to be in place to protect key waste infrastructure to ensure it is both readily accessible from a transport perspective, and not subject to urban encroachment.

These assets belong to the entire community. They should not be jeopardised to the benefit of a few. Urban encroachment onto key utility infrastructure such as water, sewer and waste infrastructure is a key issue across major centres in Australia. The relocation of these facilities is not simply a question of additional capital cost. Significant long-term operational costs are then locked into the community in perpetuity once these facilities are crowded out. We need as a community to clearly understand these costs and subsequently protect this infrastructure.

We need to clearly be able to communicate to the development community the requirements around considerations in dealing with waste management issues in the design phase of a development. Too often decisions which will have long term impacts on those living in developments are taken at the development stage with little consideration of the long term operational and cost impacts of those decisions. A smart economy recognises this and ensures the way our developments interact and operate is important from a long term perspective.

Recycling

No matter what happens, as an industry, we need to fix the yellow lidded kerbside recycling system.

For over 25 years we have been educating 5 year olds about the importance of recycling, and we now have 30 year old adults asking what's happening with their recyclables. We have built faith in the yellow lidded bin and we need to ensure this faith is maintained. Countless studies have shown recycling is beneficial environmentally and economically.

This is one area where a local and social approach will have a significant benefit in our view. Councils should be supported in taking a long-term approach to key infrastructure in this regard. As a potential solution local government with the assistance of the State and Federal Governments could build infrastructure to house Materials Recovery Facilities locally. Councils could then partner with industry and social enterprise to operate these facilities. The benefits of this approach would be:

- Stimulate construction in many locations including regional in a period of construction downturn;
- Remove risk from the recycling industry with local governments taking a long-term view on this long-term infrastructure;
- Creating ongoing social employment, rather than a quick capital sugar hit, spreading the benefit across the community over the long term; and
- Assist in resolving the recycling issues.

Consideration would need to be given to the number and location of these facilities. Further the key issue is not necessarily the processing of these materials, it is the quality and secondary processing, along with markets which the government could then focus on. This will require demand pull policies, recycled content mandates and procurement approaches.

Hunter Joint Organisation of Councils

The City of Newcastle also supports the submission provided by the Hunter Joint Organisation of Councils.

Should you have any further queries regarding this submission, please contact Troy Uren, Manager Waste Services on [redacted]

Yours faithfully

[redacted]

Alissa Jones
INTERIM DIRECTOR CITY WIDE SERVICES

City Wide Services.A Jones
Reference: OT2020/01038
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31 March 2020

NSW Department of Planning, Industry and Environment
The Future for Waste and Resource Recovery in NSW

Email: [redacted]

CITY OF NEWCASTLE SUBMISSION TO DEPARTMENT OF PLANNING, INDUSTRY AND ENVIRONMENT – THE FUTURE FOR WASTE AND RESOURCE RECOVERY IN NSW

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1 Notes the long-awaited release of two Issues Papers (Cleaning Up Our Act – The Future for Waste and Resource Recovery in NSW & Redirecting the Future of Plastic in NSW) by the NSW Government on 8 March 2020 (Attached)

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3 That Council makes a submission to both Issues Papers, consistent with its previously adopted positions, encouraging:

   a. State funding to support waste avoidance and recovery, including grants to support councils with major capital investments (including by reinvesting the $800 million S88 Waste Levy into recycling);
   b. The development of a local circular economy, and support for local manufacturing using recycled product;
   c. Deliver consistent education campaigns to promote waste avoidance and recycling;
   d. Introduce producer responsibility schemes for problematic materials.

Further comment:

Over the life of the NSW waste strategy, the City of Newcastle will spend in excess of $1.2B managing its waste. Our communities are demanding improvements in waste avoidance and recycling outcomes, and as a leader in government, we need to lead and respond to these expectations.

By way of background, the City of Newcastle owns and operates the Summerhill Waste Management Centre. Summerhill is approved to operate at 364 thousand tonnes per year and has a total fillable volume of 22 Million Cubic Metres. The Centre services the Newcastle local government area, and is a commercial landfill accepting waste from the broader Lower Hunter area. The Summerhill Waste Management Centre is one of the largest waste operations in NSW.

The City of Newcastle over the financial years 18/19 and 19/20 will spend a record $50M+ on waste management projects in order to shore up our operations and improve waste recovery and recycling. Key projects include the development of a new Resource Recovery Area, an organics processing facility, and the development of a new cell to cater for material which is not diverted at the Summerhill Waste Management Centre.

The City of Newcastle's investments ensure that residents of Newcastle can effectively manage their waste well into the future.

Right now, we believe the community is more engaged than ever in waste management issues. At the same time, the Federal and State Governments are more focused than ever given impacts of the China National Sword policy. A clear focus is moving toward the circular economy. A circular economy however, will need clusters of facilities which can manage waste materials and seek to create value from the resources we manage.

These facilities will need strategic planning and policies which protect them from urban encroachment. Without these types of facilities, the State and the community will not meet their goals, or significant cost will be pushed onto the community with no environmental benefit. Unnecessary cost, creates unneeded barriers to delivering to the community.

The City of Newcastle submits to the State the following key issues and opportunities:

Levy

City of Newcastle ratepayers will contribute at least $23.5 million in NSW Waste Levy contributions to the NSW Government yearly, receiving a small fraction of this back in the form of grant funding to run environmental awareness campaigns.

City of Newcastle advocates that 100 per cent of the NSW Waste Levy should be hypothecated back to the industry into new resource management programs. We believe that there is significant benefit in local and social programs, alongside higher order programs to manage waste materials and unlock the value from these resources.

This view is in line with the recommendation of the NSW Legislative Council Portfolio Committee No. 6 – Planning and Environment report 'Energy from waste' technology, on matters relating to the waste disposal industry in New South Wales.

Waste requires a systems-based approach, taking a long-term view. Transport is a major cost in the system. In our experience, the typical operational costs of a waste management project over a 30-year life will often be in the order of 80% to 90% of total project costs. Yet these operational costs are often locked in at the capital decision stage. The State can assist and ensure that funding is spent in appropriate ways by doing high level cost benefit, life cycle project analysis and ensuring grants are tied to projects considering the overall life cycle cost of the project.

We are aware of recent projects in Australia, where costs have been reduced or contained, all the while almost tripling the diversion of waste from landfill. Being smarter with what we have will go a long way to assisting the community to achieve its goals without locking in unwarranted costs in the long term. This in turn makes our economy stronger and more competitive.

Circular Economy

A circular economy and a ‘highest and best use’ of material approach is warranted moving forward. We will not transform our operations in this regard in one cycle, and it is likely a long-term horizons approach may be required. Much of the key infrastructure will have a 25 to 30-year life so this needs to be considered in the strategic direction.

A key component to a circular economy will come from precinct planning. These precincts will require careful planning and will require co-location of some industries. The precincts will however require protection from urban encroachment. Moving the facilities further away from the population is not the answer, and will result in much higher operational costs (due to increased transportation), again with no benefit to the community.

We believe government will need to take a more hands on approach, still partnering with industry and the community. Letting the market decide, or not putting in place a clear policy position has resulted in the impacts of the China National Sword Policy being greater than they otherwise would have, if Australia had taken a more long-term approach to recycling. Whilst government might not be in the business of picking a winner, we do bring considerable value to the table in being able to take a long-term view. There are some things that government should invest in, in order to allow the market to operate more efficiently.

There are significant opportunities in this space, however key facilities need to be protected, and we need to transform our approach from a problem focused waste business, to solution orientated resource businesses with the customer in the centre.

Waste to energy

The City of Newcastle is not necessarily advocating for waste to energy solutions. As we transition to a renewable energy focus however, the ability to generate energy from waste products will be an opportunity moving forward.

A simple mass burn approach is not perhaps best, as once burnt resources are lost to the productive economy. However, source segregation of materials, and then anaerobic digestion and other options to generate energy (in either gas or electricity form) should be on the table.

Planning matters

Any circular economy solution will require the protection of key infrastructure from urban encroachment. Planning mechanisms need to be in place to protect key waste infrastructure to ensure it is both readily accessible from a transport perspective, and not subject to urban encroachment.

These assets belong to the entire community. They should not be jeopardised to the benefit of a few. Urban encroachment onto key utility infrastructure such as water, sewer and waste infrastructure is a key issue across major centres in Australia. The relocation of these facilities is not simply a question of additional capital cost. Significant long-term operational costs are then locked into the community in perpetuity once these facilities are crowded out. We need as a community to clearly understand these costs and subsequently protect this infrastructure.

We need to clearly be able to communicate to the development community the requirements around considerations in dealing with waste management issues in the design phase of a development. Too often decisions which will have long term impacts on those living in developments are taken at the development stage with little consideration of the long term operational and cost impacts of those decisions. A smart economy recognises this and ensures the way our developments interact and operate is important from a long term perspective.

Recycling

No matter what happens, as an industry, we need to fix the yellow lidded kerbside recycling system.

For over 25 years we have been educating 5 year olds about the importance of recycling, and we now have 30 year old adults asking what's happening with their recyclables. We have built faith in the yellow lidded bin and we need to ensure this faith is maintained. Countless studies have shown recycling is beneficial environmentally and economically.

This is one area where a local and social approach will have a significant benefit in our view. Councils should be supported in taking a long-term approach to key infrastructure in this regard. As a potential solution local government with the assistance of the State and Federal Governments could build infrastructure to house Materials Recovery Facilities locally. Councils could then partner with industry and social enterprise to operate these facilities. The benefits of this approach would be:

- Stimulate construction in many locations including regional in a period of construction downturn;
- Remove risk from the recycling industry with local governments taking a long-term view on this long-term infrastructure;
- Creating ongoing social employment, rather than a quick capital sugar hit, spreading the benefit across the community over the long term; and
- Assist in resolving the recycling issues.

Consideration would need to be given to the number and location of these facilities. Further the key issue is not necessarily the processing of these materials, it is the quality and secondary processing, along with markets which the government could then focus on. This will require demand pull policies, recycled content mandates and procurement approaches.

Hunter Joint Organisation of Councils

The City of Newcastle also supports the submission provided by the Hunter Joint Organisation of Councils.

Should you have any further queries regarding this submission, please contact Troy Uren, Manager Waste Services on [redacted]

Yours faithfully

[redacted]

Alissa Jones
INTERIM DIRECTOR CITY WIDE SERVICES

CityWideServices: AJones.cmh
Reference:
Phone: [redacted]

City of Newcastle

NSW Department of Planning, Industry and Environment
20 Year Waste Strategy for NSW

email: [redacted]

RE: City of Newcastle submission to Department of Planning, Industry and Environment 20-year waste strategy for NSW

Motion from the City of Newcastle Council:
At its meeting on 24 September 2019, the City of Newcastle council unanimously adopted the following motion:

1. Notes that the NSW Government, through the Department of Planning, Industry and Environment, including the EPA, is currently calling for submissions regarding the development of a 20-Year Waste Strategy (20YWS) for NSW;
2. Recognises the need for a comprehensive Waste Strategy for NSW, particularly regarding the future of recycling, which is currently being impacted by the China 'Green Sword Policy', noting the Morrison Federal Government's vow to establish a plastic recycling industry in Australia;
3. Notes Newcastle Herald article 'Problems with plastic that can't be ignored', which outlines that only 12 per cent of the 103 kilograms of plastic waste generated per person in Australia each year was recycled, mostly overseas;
4. Prepares a submission for the NSW Government's 20YWS, including:
    a. Strong support for the establishment of a plastic recycling industry in Australia;
    b. Calls for continued government assistance to further support organics recycling strategies for local government;
    c. Noting the need for additional resourcing requirements for Assisted Household Waste Collection Service for elderly and disabled ratepayers, particularly given our ageing population;
    d. Noting City of Newcastle's continued commitment to weekly kerbside general waste collection.

Further comment:
Over the life of the NSW waste strategy, the City of Newcastle will spend in excess of $1.2B managing its waste. Our communities are demanding improvements in waste avoidance and recycling outcomes, and as a leader in government, we need to lead and respond to these expectations.

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Alissa Jones
INTERIM DIRECTOR CITY WIDE SERVICES