



The Hon Daniel Mookhey MLC
Treasurer
52 Martin Place
SYDNEY NSW 2000

1 March 2024

Dear Treasurer

Re 2024-25 Pre-Budget Submission

Thank you for the opportunity to provide a submission on the 2024/25 NSW Budget. The Waste Management and Resource Recovery Association of Australia (WMRR) is the national peak body representing Australia's \$15.8 billion waste and resource recovery (WARR) industry. With more than 2,200 members from over 400 entities nationwide, we represent the breadth and depth of the sector, including representation from business organisations, the three (3) tiers of government, universities, and non-government organisations (NGOs), including research bodies.

While the WARR industry may only account for around 3% of direct emissions¹, we can do significantly more if the correct economic, policy and market settings are established in NSW, in continuing to play an outsized role in delivering the NSW Government's legislated climate change targets of achieving net zero by 2050 through the management of 21.9 million tonnes of waste generated in NSW in 2020², as well as boosting the State's resource recovery rate from the current level of 65% to reach the target of 80% by 2030.

WMRR believes the 2024-25 Budget should focus on funding the following:

- ✓ Significantly increase the **NSW Waste Levy** to drive materials away from landfill, as well as mitigate greenhouse gas emissions, whilst reinvesting at least 50% of waste levy income back into the WARR industry with a priority focus on resource recovery infrastructure to develop secondary raw materials that can replace virgin materials as well as be inputs into local manufacturing and construction activities.
- ✓ Create a **market development and procurement agency** in NSW similar to EcologiQ in Victoria to drive sustainable procurement and market development for the secondary raw material that our sector produces in NSW.
- ✓ Finalise the NSW Government's strategic WARR **infrastructure** strategy and adopt across government to confirm the direction and funding of critical WARR infrastructure to support the growth of NSW housing and also provide critical secondary raw material inputs into NSW

¹ Australia's National Emissions Projections 2023

² NSW State of the Environment Report 2021

business and manufacturing in the right location at the right time. This should include the ability to provide energy for these purposes, as we move away from using virgin material to using less material and making it last longer to meet our resource recovery, carbon and biodiversity targets in NSW.

- ✓ It is vital funding be made available in NSW for new **critical infrastructure** to deal with **emerging problematic materials and products**. NSW has led the nation recently in creating successful infrastructure models for receiving materials and products, in particular for beverage containers. However, it cannot and must not stop there. In the absence of producer responsibility schemes, this funding is particularly important for batteries and solar panels which are now integral to powering businesses and homes, yet there are no safe collection pathways for this at scale. These products are having significant adverse effects both during life (with the increased prevalence of fires in homes and business) and in existing WARR infrastructure that are not equipped to manage these materials at end-of-life.

The adverse cost to the NSW economy of these items is rapidly increasing let alone the danger to people given the safety risk they pose. In the absence of strong product stewardship legislation (state and national) on these items (and others that continue to be placed on market without generator obligations) there must be the capacity given levy funds collected in NSW to make investment available to manage these items safely.

WMRR will develop each of these points in turn below.

WASTE LEVY

More than \$780 million is raised annually from disposing material to landfill, a significant contribution to NSW's consolidated revenue. Of the levy monies collected, only \$136 million (17%) is currently reinvested in industry. The reliance by government on these funds for activities outside of the sector clearly creates a tension between resource recovery and landfilling, and the inability to-date for agencies in NSW to make a shift towards circularity or achieve the government's stated resource recovery targets.

WMRR is calling for the government to increase the levy recognising that the true cost of resource recovery infrastructure and operations is far greater than landfill, to create the necessary market settings to incentivise resource recovery, which we know creates as many as four times more employment opportunities, mitigates carbon, reduces reliance on virgin materials and creates local remanufacturing opportunities in NSW. NSW also knows that post COVID there have been significant impacts on the cost of materials, capital infrastructure, energy and labour – all pushing the cost significantly higher than disposal, requiring a complete rethink of the NSW levy rate to ensure that it achieves its purpose.

Further, if the NSW government is committed to keeping material out of landfill and circulating, it is vital that both the economic settings and the alternative infrastructure is in place in NSW for this to occur. There must be a significant increase in the amount that is returned to industry to develop necessary critical infrastructure across NSW and as such, government must return and reinvest 50%



of levy funds raised each year to support increased recovery, grow remanufacturing facilities, and create markets. As a matter of priority, levy funds must be channeled towards moving material out of landfill at scale and investing in the necessary alternative resource recovery infrastructure including responsive infrastructure mentioned above for problematic materials and products such as batteries.

MARKET DEVELOPMENT AND PROCUREMENT AGENCY

WMRR calls for the creation of a separate market development agency similar to Ecologi in Victoria that will drive market demand for recovered materials in NSW, including sustainable procurement by government in NSW. Our essential industry that provides critical materials back into the productive economy for reuse requires industry policy development and support from central agencies in government, not just regulation which is the remit of the NSW EPA.

Victoria has clearly demonstrated with the establishment of the Ecologi and the commitment of the Victoria's \$100 Billion *Big Build* and *Recycled First* Policies that we can drive market demand for recycled materials that our industry makes throughout the economy - creating green jobs and reducing emissions. However, it takes a concerted effort to do so, and must be led by engineers and economics, not by regulators. As the largest generator of waste in Australia, NSW should also be the largest consumer of secondary materials made from our NSW waste, and this requires a complete paradigm shift in central agencies to ask if we are not using NSW recycled materials in our projects and manufacturing, why not?

STRATEGIC INFRASTRUCTURE STRATEGY

WMRR calls on the NSW government to finalise the WARR strategic infrastructure strategy currently underway and adopt it across all agencies to ensure that it meets not simply the transportation, collection and processing requirements of the state, but also supports the housing and industry development growth targets of the state, by providing critical materials into these as well as opportunities to address how we power the state.

Currently there is no adopted WARR infrastructure plan in NSW which makes it challenging for the Department of Planning at times to determine the need for infrastructure before it. Industry and the community require certainty of where it can build and when, to support the growth of NSW, having a clear plan that includes all recovery options in NSW (including energy) will support more certain investment in NSW. Further it can also provide real opportunities to look at ways of powering industry and business through waste feedstocks and differing technology to assist with powering NSW if done well with appropriate policy support.

As a matter of equity, it is vital any such plan adheres to the proximity principle and ensures we are managing waste near generation, and not transporting materials away from communities where it is generated, asking other communities to deal with it. Such an approach would also enable greater investment throughout NSW.

Finally, as new and emerging products are placed on market such as renewable energy infrastructure (eg solar panels and wind turbines), as well as batteries of all sizes, it is vital that in the absence of a *polluter pays principle* applied to these products in NSW when placed on, that there are levy funds made available quickly to fund collection pathways and recovery to ensure the safety of the

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community at large. In the absence of such funding, we face a real risk of illegal dumping, loss of service and amenity with current fires as well as a real risk of harm. Ideally these funds may be recouped in future from those that produce these materials and products, but in the absence of this the levy provides a funding source for these collection points to ensure broader community safety.

We welcome the opportunity to make this submission. Please contact the undersigned if you wish to further discuss WMRR's submission.

Yours sincerely

Gayle Sloan

Chief Executive Officer

Waste Management and Resource Recovery Association of Australia

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