

**ITEM 3. PARTICIPATION IN A REGIONAL WASTE STRATEGY WITH SOUTHERN SYDNEY REGIONAL ORGANISATION OF COUNCILS****FILE NO: S104891****SUMMARY**

The development of Regional Waste Strategies is a key component of the NSW Government's 'NSW 2021' Plan which was released in 2012. This report recommends Council's endorsement of a Memorandum of Understanding (MoU) between the City and the Southern Sydney Regional Organisation of Councils (SSROC), which will enable the City to participate in the collaborative development and delivery of a Regional Waste Strategy with other members of SSROC.

Since the release of 'NSW 2021', all councils and Regional Organisations of Councils in the Sydney, Hunter and Illawarra regions have been approached by the NSW Environment Protection Authority (EPA) to form local groups to cooperate in the development and delivering of Regional Waste Strategies. The EPA has offered a funding package (as part of its *Waste Less Recycle More* program) to assist in the development of Regional Waste Strategies, conditional upon the receipt of Expressions of Interest (EoI) from interested groups by 19 August 2013.

To meet this deadline, tentative agreement to the formation of a group based on SSROC members was agreed at a meeting of General Managers from SSROC member councils in July 2013. Following this meeting, SSROC submitted an EoI to the EPA on behalf of its member Councils.

In order to be included in the EPA EoI process, the City requested to be provisionally included in the SSROC application, subject to endorsement by Council of the City's participation in the SSROC group.

In addition to the development and delivery of a Regional Waste Strategy, the City's participation in the SSROC group will:

- (i). enable identification of optimal regional locations close to the City for establishment of recycling infrastructure;
- (ii). facilitate a better understanding of potential regional contributions to City waste planning; and
- (iii). highlight opportunities to co-operate with nearby councils to tackle regional issues of illegal dumping and litter.

The EPA has stated that future funding of other regional projects and programs will be dependent upon their inclusion in a Regional Waste Strategy. As the Regional Waste Strategy will only identify potential actions at a regional level, the City will need to continue its work on local waste priorities and develop a City of Sydney Waste Strategy for its own purposes.

Progress on the development of the Regional Waste Strategy and advice of other related regional projects and programs will be provided in future reports.

**RECOMMENDATION**

It is resolved that:

- (A) Council endorse the City's participation in the development of a Regional Waste Strategy with the Southern Sydney Regional Organisation of Councils (SSROC);
- (B) authority be delegated to the Chief Executive Officer to make any necessary minor changes to, and sign, the Memorandum of Understanding with SSROC to formalise the City's participation; and
- (C) Council note potential future funding opportunities available under the NSW State Government's Waste Less Recycle More initiative for both regional and local projects.

**ATTACHMENTS**

**Attachment A:** Draft Memorandum of Understanding for Regional Waste Strategy with SSROC

**Attachment B:** Waste Less Recycle More information booklet

**BACKGROUND**

1. The NSW Government announced two policy initiatives in the past year that impact directly on the request for the City to participate in the development of a Regional Waste Strategy. These are a large scale funding initiative called *Waste Less Recycle More*, and the *NSW 2021 Plan*. Development of a Regional Waste Strategy is a requirement of the NSW 2021 Plan.

**Waste Less Recycle More Initiative**

2. The NSW Minister for the Environment announced in March 2013 a Waste Less Recycle More (WLRM) initiative package of \$465.7 million funding over five years for waste related programs and infrastructure. The package is administered by the EPA. This funding is to replace the Waste and Sustainability Improvement Program, which had operated since 2007.
3. The funding available in the new WLRM initiative is sub-divided into the following four key waste areas, emphasising infrastructure projects:
  - (a) Waste and Recycling Infrastructure Program;
  - (b) combating illegal dumping;
  - (c) tackling litter; and
  - (d) supporting local communities.
4. The total funding is over five years and is available to councils, industry, charities and non-profit organisations, but is directed to waste-related projects only.
5. An allocation of \$222.8 million funding is restricted to councils only. This allocation is made up of:
  - (a) \$137.7 million in non-contestable allocation (supporting local communities for local waste priorities); and
  - (b) \$85.1 million in contestable grant funds reserved for councils only, but tied to EPA-nominated projects.
6. Further background information about the WLRM initiative is provided in the Waste Less Recycle More information booklet at Attachment B. This describes the high level allocations and areas to be funded. The EPA have stated that for large scale waste infrastructure, priority will be given to funding projects addressing regional waste and recycling needs.

**Regional Action Plans**

7. In October 2012, the NSW Government announced the development of Regional Action Plans to be applied across the state. These Regional Action Plans aligned with the NSW Government's NSW 2021 Plan for delivering infrastructure improvements across a number of areas including transport, housing, recreation, services and protection of the environment.

8. The City is included within the Eastern Sydney and Inner West Regional Action Plan. The region includes Ashfield, City of Botany Bay, Burwood, Canada Bay, Canterbury, City of Sydney, Leichhardt, Marrickville, Randwick, Strathfield, Waverley and Woollahra Local Government Areas (LGA).
9. The Regional Action Plans state that Regional Waste Strategies are to be developed to identify best practice guidelines for recycling and establish regional waste and recycling infrastructure plans by June 2014.

### **Regional Waste Strategy Coordination Support Package**

10. The EPA has allocated \$9 million over four years from the WLRM initiative to fund a Regional Waste Strategy Coordination Support Package.
11. On 17 July 2013, the EPA requested that councils provide an Eol in forming regional groups to receive the Regional Waste Strategy Co-ordination Support Package. The EPA stated that groups based around Regional Organisations of Councils, such as SSROC, would be permitted. The deadline for these Expressions of Interest was 19 August 2013.
12. Tentative agreement to nominate a group based on SSROC had been agreed at a meeting of General Managers from member councils in July. A MoU was prepared for signing to formalise the agreement between member councils and SSROC.
13. In order to be included in the EPA process, the City asked to be provisionally included in a SSROC application to the EPA to form a group, subject to endorsement of this decision by Council.
14. SSROC have submitted a group Eol on behalf of member councils to the EPA. SSROC report that 12 of the member councils had signed or returned the MoUs by the 19 August deadline. The remaining four Councils, including the City of Sydney, have agreed to tentative inclusion in the Eol process while deliberating their final commitment.
15. The Regional Waste Strategy Coordination Support Package is to support groups preparing the Regional Waste Strategies, by allocating funds for research and the engagement of regional coordinators. The final package will be contingent on the number of agreed regional groupings, however the package is likely to provide about \$600,000 over four years for each group. With this funding provided by the EPA, individual councils will not have to make a financial commitment in order to prepare a Regional Waste Strategy.
16. The NSW EPA has allowed the formation of regional groupings of councils, without requiring direct alignment with the regional groupings identified in the 2021 Regional Action Plans.

### **Regional Waste Strategies**

17. The EPA has stated that the Regional Waste Strategies will address two key objectives:
  - (a) to meet the requirements of the NSW Government's 2021 Regional Action Plans; and
  - (b) to support future grant applications for new regional waste and recycling infrastructure or upgrades to these under the WLRM initiative.

18. The Regional Waste Strategies are to identify common areas of recycling infrastructure demand and review possible solutions, establish a strategic framework for implementing these solutions and identify enabling actions. The EPA aims include identifying economies of scale and optimising geographic distribution of recycling infrastructure, which are best developed at a regional level.
19. Participating in a Regional Waste Strategy group does not preclude any member council from applying for WLRM funding outside the scope of the Regional Waste Strategy. The Regional Waste Strategies are separate to funding of local waste priorities for individual councils.
20. The Regional Waste Strategy will be developed in addition to the City's existing Interim Waste Strategy, and may provide additional opportunities for resource recovery. The Regional Waste Strategy is not intended to reduce the need for the City to address its local waste management needs, but rather the local waste management needs are to inform the Regional Waste Strategy.
21. Expressions of Interest submitted to the EPA will be reviewed by a Panel including representatives from the EPA, Department of Local Government and Department of Premier and Cabinet.
22. The EPA expects to inform councils of approval for funding of Regional Waste Strategy Coordination Support Packages by the end of September 2013.

#### **Memorandum of Understanding to form SSROC Regional Waste Strategy group**

23. City staff canvassed options to form a Regional Waste Strategy Group with adjacent councils based on geographic contiguity or having related waste priorities.
24. Options canvassed included:
  - (a) The City with SSROC member Councils (preferred option):
    - (i) Advantages – the City has already participated in projects to identify common regional waste issues with SSROC. Economies of scale across many waste and recycling options are easily achieved. The area includes a large portion of the waste resources identified by the City in its Renewable Energy Master Plan as suitable for renewable gas processing;
    - (ii) Disadvantages – the scale of the group may make a common regional strategy difficult to achieve. Some member Councils have already entered into contracts around waste disposal that could impact on future regional infrastructure delivery. SSROC proposed to address this by identifying regional sub-groups with shared priorities and operational approaches, to coordinate elements of the Regional Strategy;
    - (iii) This option is preferred because:
      - a. the SSROC proposal addresses the obligation under the NSW 2021 Regional Action Plan to provide a Regional Waste Plan;

- b. by reviewing the optimal regional locations for recycling infrastructure, a more suitable and efficient network of resource recovery facilities can be planned based on transport, aggregated demand and waste types impacted;
  - c. the development of a Regional Waste Strategy will identify suitable programs for addressing issues such as illegal dumping and litter that require regional co-operation;
  - d. the inclusion of sub-groups within the SSROC process will provide flexibility within the strategy development for the City of Sydney. The City could partake in more than one sub-grouping aligned with different waste priorities and outcomes (for example, enhanced recycling, a problem waste drop-off network, and seeking technologies and locations for an Advanced Waste Treatment Facility);
  - e. SSROC will engage and administer the strategy coordinators and contracts, minimising resource demands on City staff; and
  - f. the governance of the SSROC group is well established, and General Managers already meet regularly to review regional approaches to local government priorities. A Strategy Steering Committee will be established to provide high level representation for the City in the development of the Regional Waste Strategy.
- (b) City with adjacent councils:
- (i) Advantages – a geographic grouping this limited would mean local region constraints around population density and available infrastructure space would be prominent;
  - (ii) Disadvantages – common themes for managing recycling, organic waste separation and processing and potential sites for infrastructure were difficult to determine. Adjacent councils had also entered into a range of various waste and recycling contracts that inhibited new regional projects.
- (c) The City alone:
- (i) Advantages – given the size of the City population and the advanced level of planning around waste options, such as energy from waste solutions, the City might justify a support package for its own needs; and
  - (ii) Disadvantages – the EPA has indicated that criteria for economies of scale and optimising geographic distribution for infrastructure would be difficult for the City to address alone, and might not meet approval for a Regional Waste Strategy Coordination Support Package. Failure to enter into any group would leave the City isolated for regional waste strategy purposes.

25. While the City could approach any other council or group of councils to co-operatively form a Regional Waste Strategy Support Group, collaboration and discussion with other metropolitan councils has resulted in a general consensus that the existing SSROC group of councils is most appropriate. All councils in the closest local region to the City have opted to join with the SSROC Waste Strategy Group.
26. SSROC includes 16 member councils across an area from Sydney Harbour to Sutherland, including Ashfield, Bankstown City, City of Botany Bay, Burwood, City of Canada Bay, Canterbury City, Hurstville City, Kogarah City, Leichhardt, Marrickville, Randwick City, Rockdale City, City of Sydney, Sutherland Shire, Waverley and Woollahra.
27. For the purposes of the Regional Waste Strategy Group, Bankstown City Council has also sought to be included.
28. The SSROC MoU commits the City to the planning process for developing the Regional Waste Strategy, allows SSROC to engage coordinators for the grouping, and confirms that the City will not seek participation in, or funding of, any other regional waste strategy group (see Draft Memorandum of Understanding for Regional Waste Strategy with SSROC at Attachment A).
29. The SSROC MoU has been reviewed by the City's Legal Services, with no major issues being identified.

#### **The SSROC proposal**

30. The SSROC proposal to deliver a Regional Waste Strategy includes:
  - (a) applying for EPA funding to engage up to three co-ordinators to help develop and implement the strategy over four years;
  - (b) forming a steering committee to oversee and direct the development of a Regional Waste Strategy. The Steering Committee will be comprised of waste management staff from participating councils and at least one senior Director with waste management responsibility;
  - (c) commissioning of a consultancy company to undertake a regional waste review to begin developing the Regional Waste Strategy. A Regional Waste Issues report for SSROC was previously prepared. This issues paper nominated managing organics in the waste stream, suitable locations for waste infrastructure; managing the impacts of carbon pricing and waste levy, and energy from waste infrastructure as regional priorities.
  - (d) the SSROC proposal specifically allows for regional sub-groups within the regional strategy focussed around waste materials, geographic distribution of waste and recycling facilities and treatment infrastructure (this includes energy from waste infrastructure). Member councils can nominate for inclusion in a specific sub-group that aligns with their waste priorities. The EPA has agreed to this approach;
  - (e) any Draft Regional Waste Strategy will be reviewed by member council Waste Managers and then reviewed by member council General Managers before finalisation.

**Alignment with the Interim Waste Strategy and Green Infrastructure Master Plans**

31. The City's Interim Waste Strategy identified six focus areas for target and program development. Of relevance to the Regional Waste Strategy participation are:
- (a) Maximise Resource Recovery – existing recycling facilities are located in the region, but not within the City's LGA. A strategy to enhance or increase these facilities will be of benefit to the City's objectives;
  - (b) Green Infrastructure Integration – the Renewable Energy Master Plan identified waste in the SSROC region as a resource for renewable gases. An Advanced Waste Treatment Master Plan will identify infrastructure for recovering energy from waste. This issue is specifically addressed by the SSROC as a feature of the proposed Regional Waste Strategy; and
  - (c) Solutions for Problem Wastes – to improve resource recovery from waste, the Interim Waste Strategy identified a need to reduce problem wastes (such as batteries, household chemicals, fluorescent globes and smoke alarms). Additional regional support for options reducing problem wastes (such as a network of drop-off centres) was identified in the Interim Waste Strategy, and will be assessed by a Regional Waste Strategy.
32. The Renewable Energy Master Plan, currently on public exhibition, identified that the highest source of waste suitable for conversion into renewable gases was located in the local region. The City has an opportunity to refine its understanding of this available resource and foster renewable gas projects sought by the Master Plan by participating in the Regional Waste Strategy.

**KEY IMPLICATIONS****Strategic Alignment - Sustainable Sydney 2030**

33. *Sustainable Sydney 2030* is a vision for the sustainable development of the City to 2030 and beyond. It includes 10 strategic directions to guide the future of the City, as well as 10 targets against which to measure progress. This proposal is aligned with the following strategic direction and objectives:
- (a) Direction 2 provides a road map for the City to become A Leading Environmental Performer – A Regional Waste Strategy addresses Action 2.2.2 Develop an integrated waste management strategy with other Inner Sydney Councils and identify sites for associated processing infrastructure.

**Organisational Impact**

34. The development of the Regional Waste Strategy and engagement of Regional Coordinators will be the responsibility of SSROC. Input and review by the City will require organisational resources, however this should be absorbed by current Waste Strategy and Services staff.

**Risks**

35. Applications for future funding of large scale projects under WLRM would be at risk if the City failed to enter into a Regional Waste Strategy Group. While the City may unilaterally decide to apply for funding for an advanced waste treatment facility, if demand and support for such a facility is not addressed in a Regional Waste Strategy, the probability of gaining funding may be significantly reduced. The City could mitigate this risk by either participating in a Regional Waste Strategy or replicating the full research required to develop a Regional Waste Strategy at its own expense. Of these options, the participation in a Regional Waste Strategy with nearby councils offers the best value for the City.
36. Waste treatment infrastructure projects identified in the Regional Waste Strategy may compete with the objectives of the City's Renewable Energy and Advanced Waste Treatment Master Plans. This risk will remain whether or not the City participates with the SSROC Regional Waste Strategy Group. To mitigate this risk, the City will need to be pro-active in its leadership role within any sub-group under the Regional Waste Strategy that addresses regional waste infrastructure. SSROC have already indicated to the City that this aligns with their proposal, and have encouraged an Energy from Waste sub-group with City leadership.
37. The Regional Waste Strategy may nominate regional projects for infrastructure that the City does not wish to participate in. SSROC note in the MoU that the proposal seeks to agree solutions and council groupings for any identified project. The City may choose not to participate in any application for funding of a regional project. Active participation in the Steering Committee will mitigate this risk. Regional procurement projects would be subject to approval by the Australian Competition and Consumers Commission.

**Environmental**

38. The City's targets under the Environmental Management Plan are identified until the end of 2014. Given the timeframe of the Regional Waste Strategy development by June 2014, there is not likely to be any significant impact on these targets.
39. The City is preparing a Final Waste Strategy that will develop targets based on the Interim Waste Strategy and outcomes from the Green Infrastructure Master Plans. These will take account of any environmental improvements achievable from Regional Waste Strategy planning.
40. The Regional Waste Strategy is anticipated to identify projects to enhance recycling and waste processing opportunities in the region. This broader availability of recycling infrastructure should improve the City's capability to maximise resource recovery from its waste streams.

**Economic**

41. The immediate proposal to join a group of councils to participate in a Regional Waste Strategy does not have direct impacts on the local economy. However, depending on the location of strategic projects and programs identified from the strategy, there may be future impacts on local businesses and jobs.

**BUDGET IMPLICATIONS**

42. The participation in a Regional Waste Strategy Group and development of a Regional Waste Strategy does not impact on the 2013/14 operating budget. Identified regional projects and programs the City selects to participate in, may require allocations in future budgets, but this will be dependent on the level of funding provided for the project under any WLRM funding grant.
43. Should Council choose not to endorse participation in the SSROC Regional Waste Strategy and no WLRM grant funding was received, which was identified as a risk earlier in this report, the City may need to fund independent regional waste studies and replace any level of WLRM grant funding for infrastructure projects.

**RELEVANT LEGISLATION**

44. There is no legislative or regulatory requirement for a council to participate in a Regional Waste Strategy.

**CRITICAL DATES / TIME FRAMES**

45. The nominations for Expressions of Interest closed on 19 August 2013. The City requested that SSROC include the City within EoI, subject to endorsement of the signing of a MoU by Council.
46. The Regional Waste Strategy for the SSROC region is to be complete by June 2014.
47. The period of funding under the WLRM initiative ends on 30 June 2017.

**OPTIONS**

48. The City may choose not to participate in any Regional Waste Strategy Group. Given that all other metropolitan councils have nominated for Expressions of Interest to form regional waste strategy groups, it is unlikely that the City could seek funding for a regional waste strategy or coordinator in its own right. This may place at risk WLRM grant applications for City waste infrastructure projects that may have regional impacts, such as advanced waste treatment infrastructure.

**PUBLIC CONSULTATION**

49. No public consultation has been carried out for this project.
50. City staff have attended EPA information workshops and discussions related to the WLRM initiative.

**KIM WOODBURY**

Chief Operations Officer

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