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Media statement

The economic and environmental impacts of the NSW energy from waste regulations

The NSW Government has enacted a prohibition on energy from waste (EfW) in NSW including Sydney, except in four specific locations across rural NSW.

These absurd regulations will lead to the loading of thousands of tonnes of waste onto trains or by large trucks within Sydney to travel hundreds of kilometres to a designated rural location, rather than building EfW facilities closer to where the waste is generated.

Commenting on these regulations, WCRA's Executive Director Tony Khoury stated "these regulations do not take a holistic view of the issues around sustainable residual waste disposal. With a NSW election being held in late March, we hereby call on political leaders to consider the long-term need for better environmental solutions by committing to re-visit these regulations".

The lack of waste disposal infrastructure within the Sydney metropolitan basin is at crisis level, as seen throughout 2022, (and several times in early 2023). This is due to regulatory uncertainty affecting investor confidence in further development of the required, highly capital-intensive infrastructure. These EfW regulations have resulted in an estimated \$2 billion of proposed capital investment in waste disposal infrastructure to be put on hold, because projects are no longer allowed. One of our members stated to WCRA "we have spent millions of dollars on planning for a facility to provide an efficient, modern, and environmentally sound EfW solution for NSW. With these new regulations, we have shifted our priority to other states where there is a greater certainty that projects will occur".

In late 2022 WCRA engaged The Centre for International Economics (CIE) to undertake a review of the economic and environmental impacts of the changes to NSW energy from waste regulations.

The report from The CIE concluded that introducing these regulations did not meet the requirements of the NSW Government's own better regulation principles. It is not clear what the basis for the regulation is, and why the preferred options have been selected. The report states as follows -:

- There is no evidence of the problem identified by the Government (that is, the potential oversupply of energy from waste facilities). In fact, the NSW Government's Waste and Sustainable Materials Strategy indicated that NSW is running out of space to deal with residual waste and critical residual waste infrastructure is urgently needed.
- The regulations negatively impact the environment as they force EfW facilities to be located further from where waste is generated, with higher transport costs including the social and environmental costs associated with long-distance transport. This includes the unnecessary consumption of diesel, the risk of accidents and the impacts on road and rail networks.
- The costs of transporting waste further from where it is generated are likely to far exceed the benefits of air pollution occurring in less densely populated areas. The NSW EPA has

noted that EfW facilities in NSW are already subject to the most rigorous environmental controls in the world.

- The regulatory changes enacted for EfW violate the intergovernmental agreement on competition and productivity signed by the NSW Government in 2016. The changes are a clear restriction on competition and show no evidence that the benefits outweigh the costs or that the objective could not be achieved without restricting competition. Selecting specific rural locations benefits those businesses that own these locations and does not allow for businesses to find locations that optimise on commercial costs, while accounting for the other non-commercial criteria relevant to the NSW community.
- Options not considered that would better meet objectives include building any relevant additional criteria into the assessment processes for proposals. This would ensure that any proposal which meets identified criteria can proceed rather than restricting EfW to specific locations.
- The restriction on EfW locations is at odds with international experience. In other countries, EfW facilities are located in closer proximity to where waste is generated, with impacts regulated through air pollution controls.

For further comment and or to request a copy of this report please contact WCRA's Executive Director, Tony Khoury on 02 9604 7206 or by e mail to tony@wcra.com.au

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