

Chapter 1

Introduction

Background to the inquiry

1.1 On 20 March 2008, the Senate referred the following matter to the Environment, Communications and the Arts Committee for inquiry and report by August 2008:

Management of Australia's waste streams, with particular reference to:

- a) trends in waste production in Australia across household, consumer, commercial and industrial waste streams;
- b) effectiveness of existing strategies to reduce, recover or reuse waste from different waste streams;
- c) potential new strategies to reduce, recover or reuse waste from different waste streams;
- d) the economic, environmental and social benefits and costs of such strategies;
- e) policy priorities to maximise the efficiency and efficacy of efforts to reduce, recover or reuse waste from different waste streams; and
- f) consideration of the Drink Container Recycling Bill 2008.

1.2 The committee's terms of reference are reproduced in Appendix 1.

The committee's approach

1.3 In approaching this inquiry the committee was acutely cognisant of the major waste report released in October 2006 by the Productivity Commission. The committee was consistently referred to this work which tends to strongly polarise views amongst stakeholders.

1.4 The Productivity Commission took a highly theoretical 'net benefit to the community'¹ approach. As a result, the report's recommendations tend to be theoretical in nature and appear to contribute little to achieving that inquiry's stated objective to 'identify policies that will enable Australia to address market failures and externalities associated with the generation and disposal of waste, including opportunities for

1 Productivity Commission, *Waste Management*, Report no. 38, 2006, p. 1.

resource use efficiency and recovery throughout the product life-cycle...² The committee notes that many of the Productivity Commission's recommendations were rejected by the former government in July 2007.³

1.5 The committee has taken a different approach in its inquiry. It recognises that there are several significant drivers, such as climate change and water scarcity, that are changing the waste debate. In the committee's view waste policy needs to address issues that are relevant to its own sphere and at the same time, complement policies in other spheres particularly in relation to environmental protection, sustainable agriculture, productivity as well as transport and infrastructure.

1.6 Evidence before the committee suggests that such an approach would be strongly supported by the community. The growing community awareness of, and support for, reducing greenhouse gas emissions and improving water efficiency are clear examples. Indeed, a number of submissions from community groups and private individuals highlighted the need for environmentally sustainable solutions to waste which enable greater community engagement and commitment.

1.7 The committee acknowledges that waste management is a complex and multilayered policy area. There are multiple sectors involved, multiple waste streams from each sector, a range of treatment technologies, different geographical and jurisdictional influences, as well as economic, environmental and social considerations. All these complexities must be balanced when assessing the various policy options that could be implemented. Needless to say there are no 'silver-bullets'. Items of waste themselves are also becoming more complex and toxic which only adds to the challenge of appropriate end-of-life management.

1.8 Despite heightened community, business and government awareness of waste issues and impacts, the quantity of solid waste produced in Australia continues to increase. Current generation is approaching 40 million tonnes per annum⁴ with growth rates exceeding increases in GDP.

1.9 While recycling rates have increased rapidly over the past decade, they have not kept pace with the proliferation of overall waste generation, resulting in an increasing amount of 'end-use' material being sent to landfill. Although current waste

2 The Hon Peter Costello MP, Treasurer, October 2005, cited in Productivity Commission, *Waste Management*, Report no. 38, 2006, p. iv.

3 Australian Government, *Government response to the Productivity Commission's Final Report on the inquiry into Waste Generation and Resource Efficiency in Australia*, July 2007, www.environment.gov.au/settlements/publications/waste/pubs/waste-efficiency-inquiry-response.pdf (accessed 15 August 2008).

4 WCS Market Intelligence & WME Environment Business Media, *The Blue Book – Australian Waste Industry*, 2008, p. 49.

data are far from perfect, estimates of disposal rates are around 54 per cent while resource recover rates are around 46 per cent.⁵

1.10 Australia's waste management practices rely heavily on landfill which is currently the main treatment option. The 'goods' side of the Australian economy tends to involve a linear extraction-production-consumption-disposal model rather than a closed-loop resource efficiency model, which leads to vast quantities of used materials losing their productive capacity within the economy.

1.11 Current waste management practices produce a range of negative environmental and social externalities that are excluded from waste pricing models. Impacts include greenhouse gas emissions, resource depletion, waterway degradation, human health and visual amenity. As a result, these negative costs are borne across society in general rather than those involved in, and that benefit from, a product's life-cycle.

1.12 The committee notes that there is no national waste management strategy to guide policy development. Although there are some similarities across jurisdictions, there exist a range of inconsistencies which lead to a patchwork of regulation, targets and programs. There was strong support for the development of a national strategy amongst submitters.

1.13 The committee recommends the development of a national resource efficiency strategy. It should be designed as a principle-based tool for all participants in the waste sector. From the evidence the committee has identified resource efficiency, the waste hierarchy, sustainability, and user pays, cost-reflective pricing each of which should form the key guiding principles for the national strategy. The committee recognises that these principles are not absolutes. They must be balanced with each other as well as other social, economic and environmental goals.

1.14 The committee acknowledges and shares the concerns raised by many stakeholders regarding the lack of a national waste data system. Without this information it is not possible to make evidence-based policy formulations nor informed business decisions. The committee heard of the background to the Australian Waste Database (AWD) which is now out of date. The committee would like to see the AWD (re)established and adequately funded.

1.15 A common theme that flowed throughout the inquiry was the deficiencies in infrastructure that inhibit recycling and Extended Producer Responsibility (EPR) initiatives. The committee recognises that without adequate infrastructure to support alternatives to landfill and EPR initiatives, landfill is likely remain the country's primary response to waste generation.

5 Australian Bureau of Statistics, *Australia's Environment: Issues and Trends*, Report no. 4613.0, 2007, p. 43.

1.16 The committee took a keen interest in a number of key waste streams within the waste sector including, organics, packaging, beverage containers, and e-waste.

1.17 Organic waste currently makes up approximately half of the 20 million tonnes of waste going to landfill in Australia each year. Its current recycling rate of 36 per cent is well below the national average for all waste streams of 46 per cent. Organic material in landfill is responsible for nearly all of the waste sector's greenhouse gas emissions. Although it represents a relatively small component in national terms (around 3 per cent or 16.6 of Australia's total 576 Mt CO₂-e in 2006) there is enormous potential to cost-effectively minimise these emissions.

1.18 Abatement of greenhouse gas emission through the recovery of gasses from organics can be achieved through a variety of mechanisms such as large-scale composting, anaerobic digestion, pyrolysis to form biochar, and alternative waste treatment. Diverting organic waste from landfill has a number of co-benefits such as increasing crop yields, improving soil structure, replenishing depleted organic carbon in soils, reducing chemical and fertiliser inputs, reducing run-off and consequent soil erosion and waterway pollution. The committee recommends that the Environment Protection and Heritage Council (EPHC) recommend measures to reduce the quantities of organic material going into landfill including utilising alternative waste technologies including composting, and a cap and trade scheme.

1.19 There are other potential greenhouse abatement opportunities arising from improved waste management and resource efficiency. Improving the level of capture and flaring of methane landfill gas (which currently stands at only 26 per cent) will significantly reduce sectoral emissions and the committee makes a recommendation in this regard. Increasing the recycling rate of high embodied energy materials will also result in lower emissions. The committee recommends that the Commonwealth Government calculates options to send a direct and undiluted price signal to the market and publishes the greenhouse benefits of recycling as part of its deliberations on the Carbon Pollution Reduction Scheme.

1.20 The committee explored a number of existing and proposed Extended Producer Responsibility (EPR) schemes, either implemented or being considered by the EPHC. In light of the emergence of national priorities including climate change and water conservation, the committee recommends that the EPHC review the adequacy and transparency of the EPHC waste framework, which it uses to identify matters of national importance.

1.21 The committee considered various EPR schemes under consideration by the EPHC. Noting the significant delays in establishing several such schemes, the committee recommends that the EPHC expedite the establishment of Extended Producer Responsibility arrangements for identified products of national significance.

1.22 Regarding the Drink Container Recycling Bill 2008 which is a specific term of reference of this inquiry, the committee recommends that the Environment Protection and Heritage Council work towards a national container deposit system. As

part of its review the committee recommends that the Environment Protection and Heritage Council consider the South Australian model and the Drink Container Recycling Bill 2008.

Conduct of the inquiry

1.23 The committee had been required to report by August 2008. On 17 June 2008 the Senate resolved to change the reporting date to 28 August 2008 and then on 27 August 2008, the Senate resolved to extend the reporting date to 3 September 2008.

1.24 The committee advertised the inquiry in *The Australian* on 1, 9 and 23 April and 7 May 2008, inviting submissions by 23 May 2008.

1.25 Ninety-one submissions were received, and these are listed at Appendix 1. Submissions were also posted on the committee's website to facilitate public access. The committee held hearings in Adelaide on 30 June 2008, in Sydney on 2 July, Melbourne on 3 July 2008, and in Canberra on 4 July 2008. A list of the witnesses who appeared at the hearings is at Appendix 2, and copies of the Hansard transcript are available through the internet at www.aph.gov.au/senate/committee/eca_ctte/index.htm.

Acknowledgement

1.26 In the course of the inquiry, the committee received submissions from a range of organisations and private individuals, often with supporting documents, reports, and other references. Others gave freely of their time in appearing before the committee at its public hearings, and in some cases, undertook additional work to provide follow up information to the committee in response to questions raised during the discussions. The committee wishes to express its appreciation to all those who contributed to this inquiry.