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Committee Secretary
Senate Standing Committee on Environment, Communication and the Arts
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Sir/Madam,

Inquiry into the management of Australia's waste streams

Please find attached a submission from the Local Government Association of Queensland for the above inquiry.

If you have any questions, please contact **Christine Blanchard, Environment and Health Policy Advisor**, telephone **07 3000 2243** or email Christine_blanchard@lgaq.asn.au.

Yours sincerely

Greg Hoffman PSM
DIRECTOR
POLICY AND REPRESENTATION

cb:sm



Local Government Association of Queensland (LGAQ)

Submission to Senate - Inquiry into the management of Australia's waste streams

This submission has been prepared by the Local Government Association of Queensland on behalf of all Councils in the Queensland. The reader should be aware that the Queensland Environmental Protection Agency (EPA) have released a discussion paper "Let's Not Waste Our Future" seeking comments on the preparation of a waste strategy for the whole State. Amongst many issues raised in this discussion paper was a range of economic instruments that could be applied in the waste industry to ensure reduction, better handling, treatment or disposal of waste. LGAQ has made appropriate comments to the State Government on these issues but the draft strategy has not yet been released.

The following comments are made on the assumption that the status quo in Queensland waste management will remain. Whilst it is accepted that this is unlikely to be the case, it is difficult to preempt any recommendations or policy changes made by the State Government.

Based on the terms of reference provided for this Senate Enquiry, LGAQ comments are provided as follows:

Trends in waste production in Australia across household, consumer, commercial and industrial waste streams.

Local Government in Queensland manages most of the domestic waste stream, and in most regional areas, all waste streams. Data on the waste collected, transported and disposed or recycled (primarily domestic waste) is collected by the Queensland EPA annually. The following information is taken from "The State of Waste and Recycling in Queensland 2006" report as prepared by the EPA.

- Domestic waste disposal from Local Government was approximately 1.26 million tonnes in 2006/07. This equates to an average landfill disposal of 317 kg of domestic waste per capita or 904 kg per household.
- Extrapolating the per capita average from the reporting Councils to the State population yields a likely total of 1.28 million tonnes of domestic waste sent to landfill in 2005/06. This is a slight reduction from the estimated 1.35 million tonnes landfilled (at the rate of 341 kg per capita) in 2004/05. This equates to a 7% reduction in domestic waste landfilled per capita.
- Councils in the densely populated South East region landfilled two thirds of the State total.
- On a per capita basis, the South East average of 315 kg was close to the State average of 317 kg. The South East average for 2005/06 is slightly lower than the 333 kg per capita reported in 2004/05.
- One hundred and two Councils (with a combined population of 3,950,000 people or 97.5% of the State population) reported that they provided drop off collection points for recyclable materials in 2005/06 (up from 79 Councils in 2004/05). Collectively, those Councils provided 315 drop off points (up from 254 in 2004/05). Typically, those drop off points are located at Council landfills and transfer stations. These drop off points are of importance because they provide a deposit point for people who do not have a kerbside recycling service, and for wastes (such as batteries, tyres and gas cylinders) that are rarely recycled via kerbside collections. Approximately 307,000 Queenslanders live in Councils where drop off points are their only access to recycling services.



- Fifty two Councils (with a combined population of 3,665,000 people or 90.5% of the State population) reported the provision of kerbside collection services for household recyclable materials. Fifty one of those Councils collectively reported that they provided the kerbside recycling service to 1,247,000 households. Council size and remoteness have a significant bearing on whether Councils provide kerbside recycling. The relationship between Council size and kerbside recycling is clearly apparent. While only four of the 89 Councils with populations below 5,000 people provided kerbside recycling, all 17 Councils with populations over 50,000 people provided kerbside recycling services. Virtually all Council in the highly accessible South East provided kerbside recycling, while no Council in the remote North West and Central West provided kerbside recycling. Typically, the proportion of the population with access to kerbside recycling in the east coast regions was in the range of 60-90%, reflecting the growing demographic dominance of the coastal cities in Queensland.

Effectiveness of existing strategies to reduce, recover or reuse waste from different waste streams.

Significant material is recovered from the domestic waste stream by Councils in Queensland. Further information is provided from the EPA report, *"The State of Waste and Recycling in Queensland 2006"*:

- Queensland Councils reported the collection of approximately 236,000 tonnes of household recyclable materials, or about 58 kg per capita. This compares positively with the 169,000 tonnes (at 47 kg per capita) reported by Councils for 2003/04. It equates to a 39% improvement in terms of the total collected and a 23% improvement in per capita terms.
- Paper and cardboard were the dominant materials collected, making up 62% of the total. Glass was the second largest component (30%) with plastics and metal cans making up the final 8%. On average, Queensland residents recycled 35 kg of paper and cardboard, 17 kg of glass, 2.8 kg of plastics, 1.5 kg of steel cans and 0.7 kg of aluminum cans per capita in 2005/06.
- The three year trends in the amounts of household materials collected appear to involve steady increases for paper, cardboard and metal cans, while the collection of plastic containers may have plateaued.
- Generally, the increases in the amounts of material collected were in the range of 30-45%. Plastics were an exception with a relatively modest 9% increase. Taking population growth into account, these changes translate to a 4% per capita increase for plastics and 36-37% per capita increase for the other materials.
- Given the difficulties associated with small Council size and remote location, it is not surprising that these was relatively limited recycling in western Queensland. Indeed, while Council in remote areas may separate and store recyclable materials, getting those materials to a recycling facility is often difficult.
- While per capita glass, paper and cardboard collection in Far North Queensland were similarly well below the state average, collection rates for plastics and metal cans were reasonable close to the state average, with plastics and aluminium can rates above the average.
- Queensland Council handled approximately 2.2 million tonnes of secondary resources in 2005/06, up from 1.6 million tonnes in 2003/04. Commercial and industrial waste was the largest resource component (37%) followed by green waste (25%).
- There appears to be a consistent and rapid increase in the amount of commercial and industrial waste generated, with the reported figures rising from 287,000 tonnes in 2003/04 to 817,000



tonnes in 2005/06. In contrast, the amount of construction and demolition waste reported by Councils seems to have settled in the vicinity of 420,000 tonnes per year in 2004/05 and 2005/06 after a 40% fall from the amount reported in 2003/04.

- While the amount of green waste reported by Council peaked in 2004/05 (possibly a wetter year), the amount of green waste handled by Councils may consistently be in the range of 500,000 to 600,000 tonnes per year.
- Just over half the secondary resources received by Councils (51%) were landfilled - compared to 84.5% of domestic waste. While relatively little (6%) of the commercial and industrial waste received by Councils was diverted from landfill, 40% of the construction and demolition waste and 90% of the biosolids and green waste received by Councils were diverted from landfill.
- Overall, landfill diversion rates appear to be improving for all of the waste streams, with the exception of commercial and industrial waste. Domestic waste recycling grew slowly but steadily from 11.9% to 15.5%, green waste and biosolids recycling both rose from around 80% to about 90%, and construction and demolition waste recycling rose from 18% to 40% over the three year period. In contrast, reported commercial and industrial waste recycling has consistently been below 10%, falling to an average of 5.5% in the last two years, down from 8.2% in 2003/04. Comparing these figures with data provided by commercial recycling and landfill operators, it is possible that a large proportion of the commercial and industrial waste that is easily recycled is sent directly to the recyclers, bypassing the Councils.
- Regionally, Councils in South East Queensland received most of the secondary resources reported. This might be expected as two thirds of the State population lives in these Councils. However, the actual proportion of each resource stream received by Councils in SEQ ranges from 49% for green waste to 76% for biosolids. There appears to be a reasonable fit between regional population and the regional share of the commercial and industrial waste stream. Two thirds of the commercial and industrial waste stream was handled in SEQ with the proportions handled in the other regions roughly in line with their population share.

Potential new strategies to reduce, recover or reuse waste from different waste streams.

There are a number of new strategies (or continuation of existing strategies) that could be applied to further reduce, recover or reuse waste from different waste streams. Local Government is considering or currently implementing the following:

National Packaging Covenant:

Local Government in Queensland has been a signatory to the National Packaging Covenant since its inception. Local Government has been actively encouraged to adopt best practice kerbside recycling and landfill management and many processes have been implemented to ensure this occurs.

Whilst many programs have been implemented since the beginning of the Covenant, some of the projects that have recently commenced or are about to commence are:

- **Cairns Glass Crusher** - involves the purchase of a glass crusher and associated silos and conveyors that could batch crush glass after it has passed through Council's Materials Recovery Facility (MRF). Current operations see glass sorted and sent to Brisbane markets (a process that is economically, socially and environmentally costly) and glass fines collected in a waste bin and disposed to landfill. The purpose of the crusher is to create glass fines that can be used by the Council in the local area for drainage material or for water filtration. Council could



potentially save 6,000 tonnes per annum of bedding sand on internal usage alone if recycled glass were used.

If this project is successful, many larger regional centres throughout Queensland and Australia could implement similar systems to prevent long haul of recyclable materials and provide markets in regional centres.

- **North Burnett Regional Council Recycling Project** - aims to demonstrate that recycling for small rural communities is achievable if resources, collection and transport options are implemented to increase the volumes of recyclables. By utilising mobile baling equipment, scheduling effective transport arrangements for movement of baler and baled product, encouraging residents to drop off recyclables at purpose built areas at each waste management facility, the process will generate additional recyclable volumes and thus improve cost efficiency making the system sustainable. The data and methodology from this recycling project aims to identify that by joining forces and acquitting the right plant and transport options, the North Burnett Regional Council can demonstrate environmentally sustainable waste management in the region.
- **Warraber Island Integrated Waste Management Demonstration Project** - this project will demonstrate the sustainable recovery of used packaging materials on Torres Strait Islands, (including the knowledge and capacity for replication by other island councils), through a holistic project involving a resource recovery facility and associated equipment to consolidate loads, for transport to Cairns by barge, supported by a community engagement and awareness strategy.

A “blue print” manual will be developed to assist other indigenous island communities to replicate the infrastructure and systems that will occur at Warraber Island.

- **Recycling for Small to Medium Enterprises (SMEs) and Multi Unit Dwellings (MUDs)** - there are currently two Councils in South East Queensland about to commence projects aimed at SMEs and MUDs. Traditionally, Councils have provided kerbside recycling to domestic premises but have rarely encouraged similar recycling outside the home in the workplace. In these projects, SMEs will be provided with industrial bins that accept the same products as the kerbside system. Education and awareness programs will accompany the project to send the message that recycling at work is as easy as recycling at home.

MUDs in the Brisbane CBD area are more popular now but construction phases rarely provide room for recycling bins. Those units in existence will be encouraged to use an industrial sized recycling bin (rather than many wheelie bins that are difficult to store) and developers of new unit blocks will be required to provide room for appropriate recycling infrastructure.

- **Public Place and Event Recycling** - there are a number of projects currently either underway or about to commence that are providing infrastructure and/or education programs for recycling away from home at events. These all aim to encourage people to think about waste minimisation and recycling wherever they may be.

Queensland Waste Strategy

The EPA is currently preparing a draft waste strategy for Queensland. It is likely that this strategy will include a number of economic instruments. The EPA discussion paper identifies five economic instruments that could possibly be employed as part of a new waste management strategy. The paper states that economic instruments alone are unlikely to achieve all of the strategy’s objectives, but that they are still expected to play a central role. Comments have been provided by LGAQ to the State on the matters being considered.



The five instruments considered are performance-based landfill levies, CDL, targets and bans, Pay as You Throw (PAYT) schemes, Extender Producer Responsibility (EPR) and Product Stewardship Schemes (PSS).

The following is a brief summary of the issues raised in the discussion paper. Much of the information is taken from an independent document prepared in 2007 for the LGAQ, "*Cost Benefit Analysis of Economic Instruments for Waste Management*", a copy of which is attached to this submission.

Performance-Based Landfill Levies

Landfill levies are fees that the license holder for a landfill site must pay for each tonne of waste deposited. Although the landfill license holder pays the levy to the relevant authority, the additional cost is usually passed back to the waste generator either directly via higher gate fees for disposal or indirectly via higher waste management charges for kerbside waste collection. Where Councils do not pass on the cost of higher disposal fees to waste generators, the general community will be impacted by the need to fund any shortfall in waste operations out of higher general rates.

Landfill levies are generally applied uniformly across all waste generators irrespective of the type of waste being dumped and/or the technology used at the landfill, although differential levies may be applied depending on the type of generator (i.e. household vs commercial), whether the waste is inert, organic or hazardous, the location of the landfill, and the performance of the landfill.

Performance-based levies, as proposed in the Queensland EPA discussion paper, would likely involve higher levies for those landfills not adopting 'good practice', which may include a levy 'discount' to landfills demonstrating good performance in the following areas:

- Promotion of schemes for identified priority wastes and end-of-life products;
- Recycling schemes (e.g. metals, green waste); and
- Other environmental performance criteria such as landfill gas capture, leachate collection and liner systems (suitable to the size, location and type of landfill).

The overarching objective of a landfill levy or performance-based landfill levy, in a perfect market, is to internalise (i.e. make transparent in costing and pricing) the social and environmental impacts of waste disposal via landfill. When applied as a tax, they distort the market in favour of certain industries and provide government with general revenue.

The experience of other jurisdictions and various reports on the application of landfill levies produce a wide range of outcomes and lessons to be learnt from past experiences, including:

- Only when the levy is substantial (at least \$50 per tonne) is there evidence of a reduction in the amount of waste going to landfill. (Hyder 2007)
- Landfill levies are likely to result in a net cost to the community as the externalities associated with modern landfill sites are already governed by regulation and are relatively small. (Productivity Commission 2006)
- There is often limited evidence of any connection between the levy being applied and the cost of waste management and levy funds are rarely applied to overcome the local externalities that they theoretically should represent.
- In some cases, levy funds are transferred to general government funds and spent on other areas of government responsibility outside of waste management. In a submission to the Productivity Commission, the South Australian Department for the Environment and Heritage stated that the reasons for landfill levies included the collection of funds to directly support recycling and contribute to the state's general revenue. (Productivity Commission 2006)



- There are equity issues surrounding the application of landfill levies above the readily identifiable and quantifiable level of downstream externality costs, as anyone disposing of waste is either subsidising government expenditure in other policy areas or contributing to the profits of advertisers (via waste education expenditure) and recycling companies (via recycling subsidies).
- The use of differential landfill levies between areas can lead to perverse outcomes including trucking waste considerable distances for disposal at landfill sites in unlevied/lower levied areas. This can occur on both an intra-state and inter-state scale and can actually result in significant increases in GHG emissions.
- A recent levy review in South Australia recommended that a differential levy depending on waste categories not be adopted, as any additional benefits were found to be outweighed by:
 - The additional administration costs of managing the system;
 - The risks associated with deliberate misdeclaration of waste; and
 - The reduction in competitiveness of recycling compared to landfill. (Hyder 2007)
- A levy may increase the risk of illegal dumping, e.g. there has been an appearance of asbestos in the municipal waste stream due to the high cost of disposing of the material at landfill sites and the lack of other disposal options. (Productivity Commission 2006)
- If levy revenues are earmarked for specific works, there should be a clear link between the source of the funds and their subsequent use, with this direct link effectively communicated to waste generators. The use of levy funds to support recycling awareness programmes is not considered to be sufficiently closely related to influence behaviour. (Productivity Commission 2006)
- A UK study of the impact of waste levies found that because residential/municipal waste generators are not directly impacted by the levy (i.e. the local government pays the levy and then recovers the additional costs indirectly via an increase in rates), the levy had a limited impact upon their disposal behaviour. By contrast, higher gate fees for commercial waste generators made the landfill levy much more visible and had far greater effect. In fact, the study found that the imposition of a levy on municipal waste of \$34/tonne had very little impact on the amount of waste disposed, while there was a noticeable impact on commercial waste when a \$5 levy was applied. (Productivity Commission 2006)

Container Deposit Legislation

Container Deposit Legislation (CDL) schemes or Container Deposit Systems (CDS), refer to schemes where the purchase price of a good includes a small deposit which can be collected on return of the empty container to a pre-advised drop off point, usually either the product vendor or another nominated location. Depending on the product in question, the empty packaging can then be reused, recycled by the producer or a third party, or disposed of in some other way.

The principle objectives of CDL schemes are to:

- Provide an incentive to recycle;
- Reduce the volume of reusable and/or recyclable materials going to landfill;
- Reduce the consumption of virgin resources and associated pollution; and
- Reduce the incidence of littering.

The experience of other jurisdictions and various reports on the application of CDL schemes produce a wide range of outcomes and lessons to be learnt from past experiences, including:

- Market research on forms of recycling and waste avoidance show that CDL schemes are popular with the general public in South Australia (which has had an operational scheme for decades).
- CDL schemes can result in recovery rates of greater than 80%, significantly above those achieved in areas without CDL, but the overall impact on the municipal solid waste stream is



limited given that acceptable containers typically account for a relatively small proportion of the total waste stream. (Productivity Commission 2006)

- CDL may reduce the number of accepted containers in the litter stream, although the extent of any potential reduction is limited and it fails to address the behavioural causes of littering. (EPA 2003)
- Achievable rates of recovery vary between the studies undertaken into CDL schemes, and are shown to be significantly influenced by the number and location of container collection points (i.e. the ease with which items can be returned).
- There are significant costs for all participants associated with CDL schemes, including collection infrastructure (e.g. sites and equipment), loss of retail space in point of sale collection schemes, and costs to waste generators (higher prices for service and time spent sorting containers and then transporting them to collection sites). A study in Victoria found the costs of CDL to be between \$73-81 per household compared to \$29 for kerbside recycling. (EPA 2003)
- Some studies have indicated that CDL schemes would have a significant impact on kerbside recycling schemes and recyclable revenue streams.

Targets and Bans

Voluntary targets and bans are used to measure progress in achieving policy outcomes. They are often aspirational and can be used as milestones against which actual performance can be assessed. Performance against these established targets can then be used to inform future policy making decisions, such as whether or not to increase the amount of resources in a particular area of concern. Targets and bans are the end outcomes of the implementation of other policy measures rather than policy measures in themselves.

Targets and bans have three main objectives:

- Raising Awareness - by establishing targets, governments communicate to waste generators and the market the actions that will be taken on particular waste streams, possibly stimulating generator and/or market responses ahead of any potential statutory regulation.
- Top Down Planning - establishing the desired outcome from waste management policy is one method of identifying the practical actions required to achieve the stated targets or bans, and may have the advantage of allowing others to devise the most cost effective solutions to meet the outcome.
- Benchmark for Progress - once established, the targets can be used to assess progress especially where a series of milestones have been established at intermediate steps.

The ACT, New South Wales, South Australia, Victoria and Western Australia all have targets and bans in place.

The experience of other jurisdictions and various reports on the application of targets and bans produce a wide range of outcomes and lessons to be learnt from past experiences, including:

- There are significant issues around the recording and collection of data on the level of waste disposed to landfill and the level of waste recycled, and the latest available ABS data are for the year 2002-03. Without effective base line information, initial target setting and subsequent monitoring may not be 'comparing apples with apples'. If targets are to be effective and performance comparable over time and across states and territories, data collection should be streamlined within and between jurisdictions, and over time.
- Establishing waste reduction targets does not automatically lead to changes in waste outcomes. Targets often require additional investment in establishing alternative disposal options, publicity and education schemes. The requirement for additional expenditure also means that achieving targets may not be a cost neutral exercise and can result in a significant financial



impost on the community with no reference back to whether community benefits were achieved.

- In setting targets, it is important to recognise the difference between metropolitan and regional, rural and remote areas. What is achievable in an urban area that is well served by recycling facilities with access to markets for recycled products is unlikely to be comparable with what can be achieved in a remote rural area.
- Targets should be based on rigorous CBA processes to compare the costs of achieving the targets against the likely community benefits. It appears that this approach is often ignored, with most targets (and therefore broader waste management policy) simply set according to the waste hierarchy with no reference back to community benefit.
- There is considerable variation in the way in which targets are set across Australia.

Pay as You Throw Schemes

Under a 'Pay as You Throw' (PAYT) scheme, a unit price is determined for waste services and is then applied to the volume of waste generated/disposed to derive the overall charge to be levied on a waste generator. Different unit prices are often adopted for different types of wastes based on disposal costs and treatment, as well as potential risks/hazards. PAYT schemes can also be referred to as 'variable charging schemes' or 'unit pricing schemes'.

PAYT has the potential to provide consumers with clear pricing signals about the costs associated with the amount of waste they produce. This approach is currently most widely used at landfill sites where weighbridges are installed and measure the volume of waste being disposed.

A limited number of schemes exist that apply the same principles to kerbside collections, such that the charges levied on individual properties reflect the volume of waste collected and the frequency of bin collections. The most commonly adopted kerbside approach to PAYT involves offering properties different sized bins and discounting charges for smaller bins relative to larger bins. More advanced solutions including weighing each bin and charging a cost reflective of the weight of the waste disposed.

Under a flat rate scheme, waste generators do not pay for the waste they dispose and generators with lower waste volumes who also recycle effectively subsidise others who are more wasteful, while under PAYT, waste generators only pay for the waste they dispose in accordance with user pays (or polluter pays) principles. The primary objective of PAYT approaches is therefore to establish a clear link between the waste management practices of each waste generator and the price they pay for waste that is disposed, in the hope that the price signal provides sufficient incentive for the generator to change waste generation and disposal behaviours.

Councils may offer different bin sizes as a basic PAYT approach as an option to the waste generator to select their desired level of service. Optional recycling bins and green waste bins are also adopted in certain locations and charged to those properties opting in on these services within a user pays framework.

The pricing differential between smaller bins and larger bins is generally only minor, due to the fact that the majority of collection costs (up to 90%) are based on servicing frequency rather than the volume collected from individual bins.

Differential bin sizing is offered to commercial and industrial waste generators by private contractors, and in certain instances by local governments. Whilst variable collection frequencies have been trialed in some areas, there are significant health and safety risks associated with less frequent collections that outweigh any potential savings and so the majority of actual incidences of requested variations to collection frequencies appear to be in the event that additional services outside of the mandated weekly frequency are required by waste generators.



A series of small-scale feasibility studies and/or trials of more advanced PAYT systems weighing each bin at the kerbside and to determine a user pays charge for each property have been undertaken by individual local governments in Western Australia, Victoria (e.g. Melbourne City Council) and Queensland (e.g. Ipswich City Council). However, in each case it was found that the costs of full-scale implementation were greater than anticipated benefits and so no state or territory has yet introduced a permanent, fully fledged weight-based PAYT scheme. Despite this, some local governments in NSW (e.g. City of Ryde Council) have begun installing microchips in their new bins in case this approach be adopted in future.

PAYT schemes are in place across the majority of staffed landfills, where waste disposed is charged either by area (per truckload, trailer load, car-boot load) or by weight (per tonne), depending on whether weighbridge facilities are installed.

Basic PAYT schemes are also widely implemented in the commercial and industrial sectors where a range of bin sizes are made available by private contractors and collection frequencies are determined on an as-needed basis subject to basic human health requirements.

Some local governments offer free services to residents disposing of waste to landfill via self-haul, generally funded out of the general rate or allowances for such activity incorporated into the general waste management charge.

The experience of other jurisdictions and various reports on the application of PAYT schemes produce a wide range of outcomes and lessons to be learnt from past experiences, including:

- There is a trade off between the anticipated savings associated with PAYT schemes and the increased administration and infrastructure costs associated with facilitating the additional 'transactions'.
- Basic PAYT schemes such as offering different sized bins can be implemented at a much lower cost than more complex PAYT solutions, but provide a much weaker pricing signal.
- The majority of the costs of providing kerbside waste collection are incurred irrespective of the volume of waste in each bin, and therefore the cost saving that can be offered to consumers either choosing a smaller bin size or reducing the weight of waste in their bins is limited. Generally, the pricing signal would be insufficient incentive to change services or adjust behaviour.
- The selection of smaller bins does not necessarily mean a reduction in the municipal waste stream, more that people are currently under-utilising their existing bin (possibly due to the fact that it is only a 1 or 2 person household) and only require a smaller bin.
- Studies from Europe and Northern America suggest full PAYT schemes can be an effective method of waste reduction and could reduce the municipal waste stream by as much as one third, but the cost of such schemes also needs to be considered. (Productivity Commission 2006)
- A number of individual local governments across a number of states have undertaken feasibility studies to assess the impacts of introducing full PAYT systems but in each case, the costs were found to be too high relative to any benefits that may be achieved and the systems were found to be unviable.
- PAYT systems are not suitable for areas with high-density housing that tend to use communal bins and where it would be very time consuming and expensive to determine the contribution of each household.
- The introduction of PAYT schemes can also promote perverse behaviour, and would increase the amount of waste being deposited in public waste bins, dumped in other people's bins, illegally dumped or burnt to reduce charges levied. Past studies have found that illegal dumping has increased when variable pricing under PAYT schemes have been introduced.



- Properties with recycling bins and green waste bins (where they exist) may transfer waste from their general waste bins to their recycling bins to reduce their general waste charges, with the secondary impact of contaminating the recycled and green waste streams. To prevent this, recycling bins could also be weighed, but then this may produce a disincentive to recycle.
- Where PAYT schemes are only applied in certain regions, this can lead to waste being transferred to other regions where PAYT doesn't exist (particularly the case for landfill disposal fees).

Extended Producer Responsibility and Product Stewardship Schemes

Although often used interchangeably, Extended Producer Responsibility (EPR) and Product Stewardship Schemes (PSS) are significantly different.

EPRs promote the assimilation of the environmental costs of products into their market price. The firms that produce, import and/or sell a product must either take products back at the end of their useful lives or pay for some other entity to receive the spent products. The 'mobile muster' scheme, where consumers are able to return used mobile phones for recycling at the manufacturer/retailer's cost, is an example of EPR.

PSS schemes attempt to involve all participants in the product lifecycle in managing its environmental impacts. This could involve the manufacturer redesigning products to limit the amount of harmful substances used, reduce the packaging and/or reduce the impact of the distribution method. For consumers and retailers, this may mean a more active role in recycling the product at the end of its useful life or using the product in a less environmentally damaging way. An example of a PSS is the tyre levy imposed on sales of new tyres in some jurisdictions that covers the costs of recycling the tyre at the end of its useful life.

EPR and PSS tend to be used in particular circumstances where:

- There is concern over the impact of improper disposal;
- The useful lives of the product in question are relatively short and therefore the volume of resources going to landfill are likely to be high;
- There are significant resources that can be reused; and
- The potential social and environmental impacts are high.

As well as seeking to address these issues, both EPR and PSS link the cost of a product to the environmental costs of its disposal, sending a clear signal to the consumers at the time of their purchasing/replacement decision about the true cost of consuming the product. The price signal is particularly effective when the cost or levy imposed on the product is clearly identified.

The experience of other jurisdictions and various reports on the application of EPR and PSS produce a wide range of outcomes and lessons to be learnt from past experiences, including:

- There are a wide variety of schemes in place across various industry sectors.
- Some schemes rely on voluntary support from industry, while others have been mandated.
- Both types of schemes work best across large jurisdictions, and therefore while some states have attempted to adopt EPR or PSS individually, it is apparent that national coverage would work more effectively. This allows the setting of one standard for manufacturers, consumers and recyclers and removes any requirement to comply with different legislative requirements in different areas.
- National schemes also remove the potential for perverse outcomes such as certain waste types being trucked interstate to avoid EPR and PSS schemes.



- There are significant differences between EPR and PSS, including the allocation of final costs of disposal.
- Both types of schemes have considerable management and administration costs and are therefore most applicable to products that have the potential for significant environmental damage either through their level of toxicity (e.g. certain chemicals) or the volume being sent to landfill (e.g. tyres) and their potential resource value.

The economic, environmental and social benefits and costs of such strategies

LGAQ engaged an independent cost benefit analysis (a copy of this document is attached for information) of a number of options raised by the Queensland Government in their discussion paper "Let's Not Waste Our Future". Part of this analysis was the provision of a list of potential policy outcomes that provided for a combination of appropriate economic instruments that the Queensland Government could consider as part of the new waste management strategy. These include:

1. Effective regulation - potentially including landfill licensing and enforcement, mandated recycling for commercial and industrial properties in areas where recycling is found to be feasible and collection already occurs as part of the municipal system, the requirement for commercial and industrial properties and construction activities to have waste management plans in place to minimise waste generation and disposal, and the removal of any unnecessary regulatory barriers to recycling activity.
2. Incentives - potentially including compost bin and mulcher subsidies and optional green waste bin servicing as part of the municipal waste servicing program.
3. Education - education and awareness campaigns focusing on "selling" waste minimisation to the community and enhancing awareness over recyclable waste products, the possible phasing in of smaller general waste bins to each household to overcome the attitude of not getting value for money if the bin isn't full each week, as well as assistance with waste avoidance planning for commercial and industrial properties and construction activities (particularly for small to medium enterprises and operators).
4. EPR and PSS - schemes considered beneficial to ensure that externality costs are included as much as possible at the product purchase stage for targeted products rather than borne by the broader community at the product disposal stage, with Queensland working towards a nationally coordinated approach.
5. Pricing guidelines - development of pricing guidelines for waste services by the Queensland Government for Local Governments, including appropriate landfill costing procedures and the removal of pricing subsidies for waste services.

Policy should be directly targeted at problem waste streams or waste streams where there is potential for considerable gains in terms of recycling, rather than applying an indirect blanket policy aimed at propping up the recycling industry. Looking to the future, policy should aim to address waste problems at the source, particularly given that most consumers have little choice over how a product is manufactured and packaged, and therefore little control regarding their overall waste generation patterns.

Policy priorities to maximise the efficiency and efficacy of efforts to reduce, recover or reuse waste from different waste streams.

Local Government supports a potential combination of appropriate economic instruments as part of the new waste management strategy for Queensland may include:



1. Effective Regulation - potentially including landfill licensing and enforcement, mandated recycling for commercial and industrial properties in areas where recycling is found to be feasible and collection already occurs as part of the municipal system, the requirement for commercial and industrial properties and construction activities to have waste management plans in place to minimise waste generation and disposal, and the removal of any unnecessary regulatory barriers to recycling activity.
2. Incentives - potentially including compost bin and mulcher subsidies and optional green waste bin servicing as part of the municipal waste servicing program.
3. Education - education and awareness campaigns focusing on 'selling' waste minimisation to the community and enhancing awareness over recyclable waste products, the possible phasing in of smaller general waste bins to each household to overcome the attitude of not getting value for money if the bin isn't full each week, as well as assistance with waste avoidance planning for commercial and industrial properties and construction activities (particularly for small to medium enterprises and operators).
4. EPR and PSS - schemes considered beneficial to ensure that externality costs are included as much as possible at the product purchase stage for targeted products rather than borne by the broader community at the product disposal stage, with Queensland working towards a nationally coordinated approach.
5. Pricing Guidelines - development of pricing guidelines for waste services by the Queensland Government for local governments, including appropriate landfill costing procedures and the removal of pricing subsidies for waste services.

The CBA shows that policy would be most effective if it directly targets problem waste streams or waste streams where there is potential for considerable gains in terms of recycling, rather than applying an indirect blanket policy aimed at propping up the recycling industry. Looking to the future, policy should aim to address waste problems at the source, particularly given that most consumers have little choice over how a product is manufactured and packaged, and therefore little control regarding their overall waste generation patterns.

Consideration of the Drink Container Recycling Bill 2008.

The experience of other jurisdictions and various reports on the application of CDL schemes produce a wide range of outcomes and lessons to be learnt from past experiences, including:

- Market research on forms of recycling and waste avoidance shows that CDL schemes are popular with the general public in South Australia (which has had an operational scheme for decades).
- CDL schemes can result in recovery rates of greater than 80%, significantly above those achieved in areas without CDL, but the overall impact on the municipal solid waste stream is limited given that acceptable containers typically account for a relatively small proportion of the total waste stream. (Productivity Commission 2006)
- CDL may reduce the number of accepted containers in the litter stream, although the extent of any potential reduction is limited and it fails to address the behavioural causes of littering. (EPA 2003)
- Achievable rates of recovery vary between the studies undertaken into CDL schemes, and are shown to be significantly influenced by the number and location of container collection points (i.e. the ease with which items can be returned). When competing with a convenient kerbside system, recovery rates may vary.



- There are significant costs for all participants associated with CDL schemes, including collection infrastructure (e.g. sites and equipment), loss of retail space in point of sale collection schemes, and costs to waste generators (higher prices for service and time spent sorting containers and then transporting them to collection sites). A study in Victoria found the costs of CDL to be between \$73-81 per household compared to \$29 for kerbside recycling. (EPA 2003)
- Some studies have indicated that CDL schemes would have a significant impact on kerbside recycling schemes and recyclable revenue streams.

The success of existing kerbside recycling schemes is difficult to duplicate. The geography of Queensland indicates that establishment of new collection centres for a CDL scheme would be expensive and difficult. Economics alone should rule out collection of beverage containers in remote parts of this state and others across the county.

Conclusion

The significant costs associated with the establishment of a CDL collection system in Queensland would need to be borne by consumers or the wider community. The existing kerbside recycling system in Queensland is extensive and reaches the majority of householders. To spend further dollars implementing another system to collect beverage containers makes no economic, environmental or social sense.

An effective waste strategy for Queensland or even Australia needs to review all waste streams and target those that are generated to excess. It is irrational to even consider duplicating a system that is widely used and well accepted.

At this time, LGAQ is not prepared to support the Drink Container Recycling Bill 2008. There are far more suitable waste management options that can be implemented in all waste streams without just targeting one waste stream with a system that is not justifiable in triple bottom line terms.