

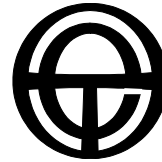
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**SUBMISSION TO
STANDING COMMITTEE ON
THE ENVIRONMENT, COMMUNICATIONS AND THE ARTS
ON
MANAGEMENT OF AUSTRALIA'S WASTE STREAMS
AND THE DRINK CONTAINER RECYCLING BILL 2008**

Introduction

Total Environment Centre has been involved in waste management and resource recovery issues for over 20 years.

We have developed a waste plan for NSW; assisted in the design of waste legislation and establishment of subsequent institutional arrangements; our Director was a member of the NSW Waste Board and is currently community representative on the National Packaging Covenant Council; and we are a member of the NSW EPR Advisory Committee.

Recent reports include a review of plastic bag use-reduction and mobile phone recycling and state of waste reports on Western Australia and Queensland. Current areas of focus are e-waste, container deposits, batteries, gas bottles and the contribution of organics to greenhouse gas pollution. For further information see -

http://www.tec.org.au/index.php?option=com_content&task=blogsection&id=14&Itemid=278

We are aware that the Boomerang Alliance, of which we are a member, has made a detailed submission and thus our submission will concentrate on three further and complementary issues – EPR progress (drawing evidence from NSW efforts); the 'convenience' issue in benefit-cost analysis which has featured prominently in regulatory impact assessment; and the future of the National Packaging Covenant.

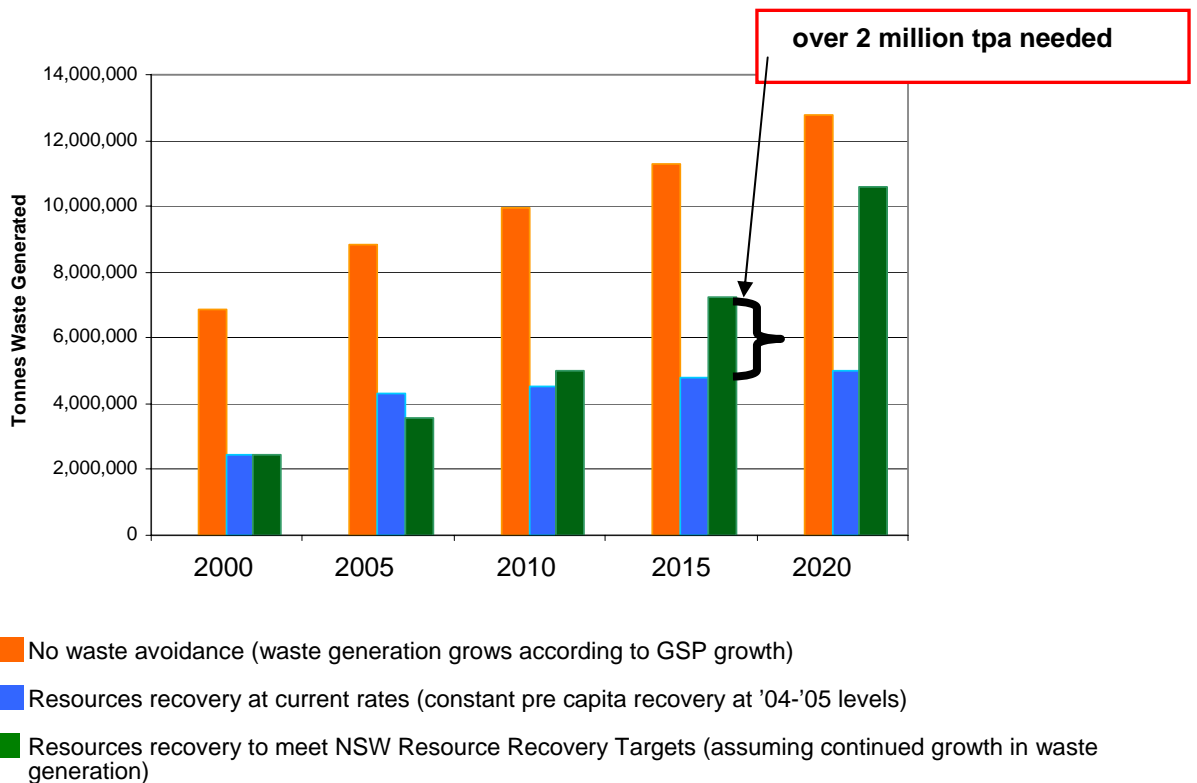
1. EPR can make a crucial contribution

Across Australia, some states are falling well behind their waste reduction and resource recovery targets – if targets exist at all. This pattern is demonstrated clearly in NSW, where it is unlikely that NSW will meet its diversion targets of 64% (combination of targets) by 2014.¹ The graph below outlines waste generation and recovery rates for the Greater Sydney Metro area.

While there is some evidence that organics recycling will increase with the installation of new high-tech infrastructure, largely stimulated by a significant landfill waste levy in NSW – action on a number of priority products for extended producer responsibility is at a standstill.

¹ Department of Environment and Conservation, *NSW Waste Avoidance and Resource Recovery Strategy and Performance Report 2006: Consultation Draft*, p.25.

Resource Recovery Required to Meet Diversion Targets (to 2020)



The graph above shows that:

- Waste generation in Sydney increased by nearly 2 million tonnes pa. between 2000 and 2004/05;
- Resource recovery has not increased enough to counter the extra waste generation and has resulted in an increase of waste to landfill by 70,000 tonnes pa;
- On current trends, waste generation is likely to increase to 11.29 million tonnes pa in 2015; and
- To address this increase in waste generation, an extra two million tonnes in recovery would be required to meet the overall diversion target of 64% (combination of individual targets) – and there would still be four million tonnes of waste disposed of to landfill – the same amount of disposal as we have now.

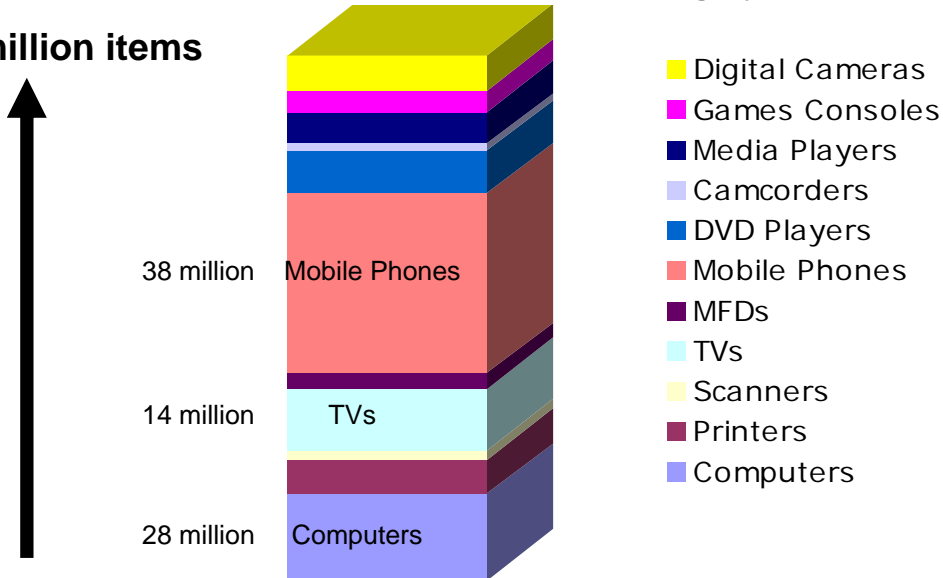
A similar situation exists in all jurisdictions across Australia, with resource recovery rates unable to keep up with or overtake waste generation.

The Growing Problem of Electronic Waste

Over the last twenty years Australia has been building up an enormous legacy of e-waste, that is, electrical and electronic products. Most of this material contains highly toxic materials such as lead, mercury, arsenic, cadmium and brominated flame retardants. Almost all of this waste is either in landfill or on the way to landfill (via temporary storage).

Australia's current total e-waste legacy²

123 million items

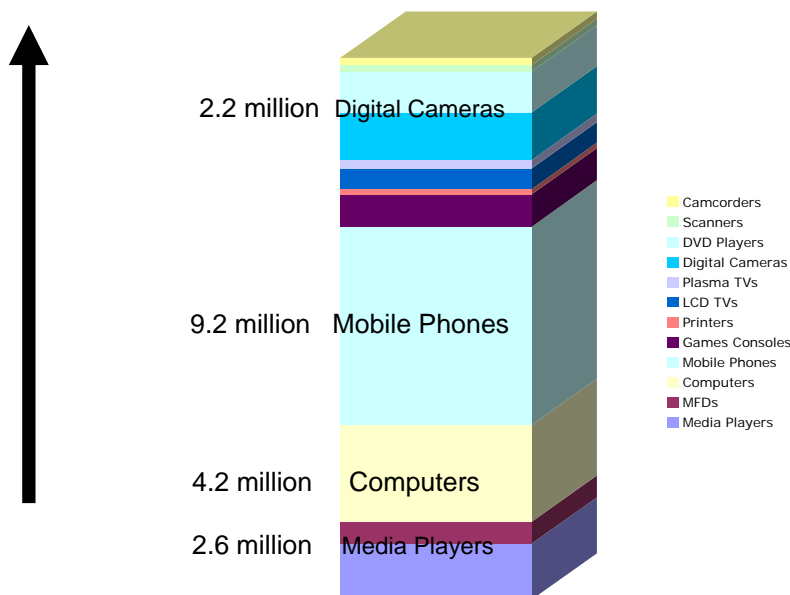


As the graph above shows, Australia has a stockpile of toxic e-waste totalling well over 123 million items. This legacy will continue to grow exponentially, as sales continue to increase. For example, another 25 million electronic products were sold in 2007 alone. Discarding these products in landfill is also an issue of resource depletion. Electrical and electronic appliances contain many rare and non-renewable resources. Some of these are reaching their extraction peaks, for example:³

- | | |
|--|---------------------|
| • gallium (solar cells) | already running out |
| • terbium (phosphors in fluorescent tubes) | 4 years left |
| • hafnium (computer chips) | 9 years left |
| • indium (LCD screens and chips) | 10 yrs left |
| • silver | 10 years left |
| • antimony (for flame retardants) | 15 years left |

Australia's digital product sales for 2007

25 million items

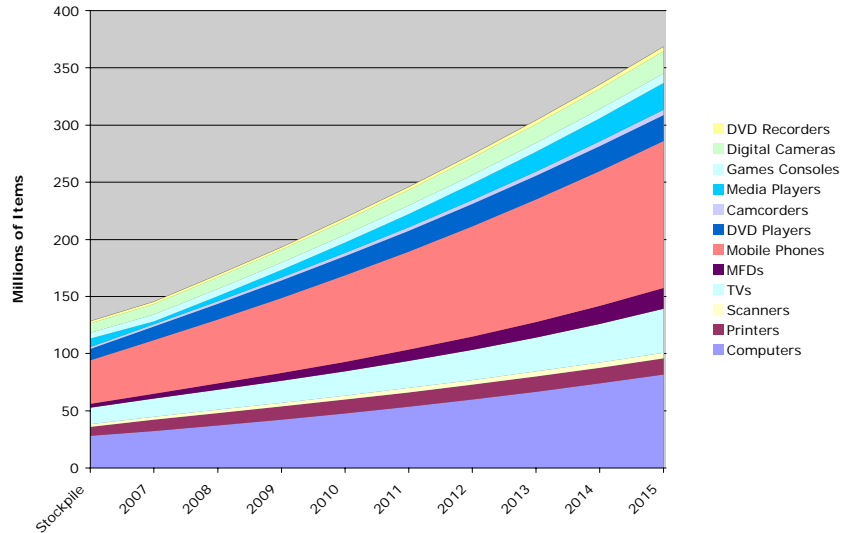


² Based on total sales minus items recycled. Does not include small household appliances like toasters, hairdryers, cordless drills or whitegoods.

³ University of Augsburg in Germany, US Geological Survey

As population and economic growth continue, consumption of electrical and electronic products will continue to grow. While some products may become redundant, new products emerge to offer similar or completely new functions. All products will have a limited life-span, for example: 18 months to 2 years for mobile phones; 2 to 3 years for media players; and an average of 4 years for computers. The graph below shows the expected growth of Australia's e-waste legacy to 2015.

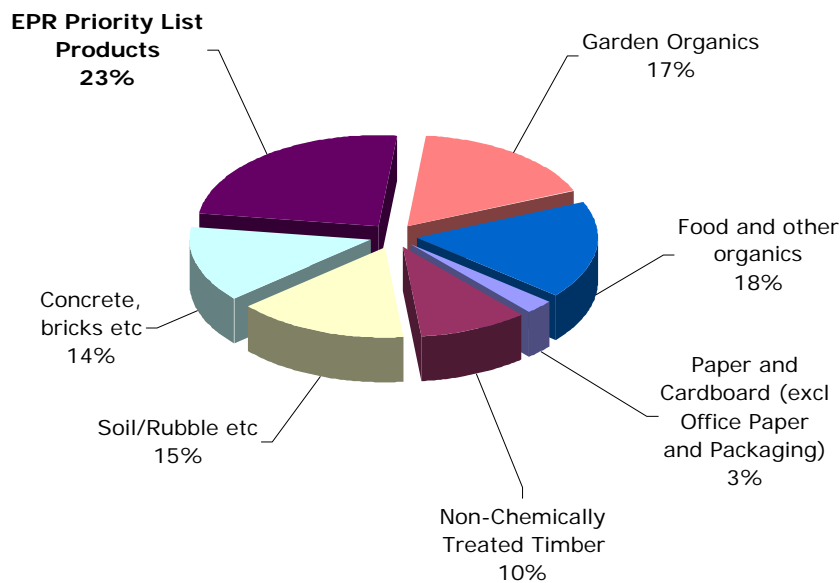
Australia's growing e-waste legacy



Extended Producer Responsibility (EPR)

EPR schemes can recover the majority of e-waste and other problem products from landfill. As the graph below shows, the key 'wastes of concern' identified by the NSW Department of Environment and Conservation, if applied nationally, could extract some 23% of materials out of landfill.⁴

Contribution of EPR Products to Landfill⁵



⁴ NSW Department of Environment and Climate Change, NSW EPR Priority Statement 2005-06.

⁵ EPR products included for this pie-chart: e-waste (incl computers, TVs, mobile phones, digital devices, lighting, whitegoods, printer cartridges); chemically treated timber; end-of-life vehicle shredder flocc; packaging, tyres; lead-acid batteries, office paper.

National action on regulatory EPR schemes is a necessary component to address a number of toxic and resource intensive products.

The key elements of EPR schemes are:

- a financial incentive or support system that encourages maximum collection for recycling and provides a sustainable support base;
- regulation to prevent 'free riders' from undercutting those that have EPR programs;
- targets, transparency and monitoring.

To date comprehensive EPR schemes have failed to develop, bar the exception of waste oil due to a number of factors including – ideological obstruction from the previous federal government based on an anti-regulatory view and inflated concern about narrow business costs; imposition of unrealistic economic assessment; fear by agencies there will be major compliance and administration costs; and reliance on failed voluntary schemes (eg, Mobile Muster with its small targets).

2. Convenience

The 'convenience' factor with new regulation has been used to attribute large costs to new regulation, which can appear to outweigh the economic and environmental benefits. In simple terms it is the extra time an individual may spend on meeting the requirements of a new regulation, for example, by separating an item from their waste and placing it into the recycling stream for collection.

There has been substantial debate within various attempts to undertake cost / benefit analysis for a container deposit system about the concept of 'inconvenience costs'. Within a container deposit system, inconvenience costs are generally regarded as the time and expense that consumers experience to return their containers and receive the redemption.

We reject the notion that inconvenience is a core component of cost / benefit analysis as it does not impact on Gross Domestic Product, nor have any impact on lost sales or labour. Further agencies appear spooked by the 'net benefit to the community test' devised by the Productivity Commission. This narrowly based approach accredited by COAG and implemented by PC staff, gives great weight to alleged business and 'convenience' costs and little support to real environmental, resource and social costs from waste.

For example, it takes time and diversion from your path to not litter and drop the waste into a bin. Add it all up for the entire population and it costs hundreds of millions of dollars. The same goes for kerbside recycling. So should these activities be stopped? Obviously not.

The convenience issue as a barrier to new policy, is one that is in urgent need of reform. It is a device to make any new social or environmental regulation seem economically disastrous. It is a vast exaggeration and instead should be relegated to a minor role in decision making. If the community is willing to participate in recycling, then it is a measure of 'willingness to pay' not a negative cost. No doubt this issue will be trotted out with the climaxing container deposit debate. However, we already have Newspoll results that tell us the vast majority of people are willing to participate in a CD system. We have to ensure it is this real social information that is used.

To this end we would support assessing inconvenience by:

- identifying reasonable out of pocket expenses that consumers experience to redeem;
- highlighting the amount of time that it will take for a household to participate in the system and benchmark against similar types of activities people already undertake; and
- comparing the inconvenience experienced against the public's willingness to pay.

3. National Packaging Covenant (NPC)

The NPC was initially devised as a response to the increasing community concerns about litter and resource wastage from packaging. It was an alternative to direct government regulation, instead being characterised as 'co-regulation' with a strong voluntary component. Industry provides a relatively small amount of funds matched by government for research projects. While it can support trials of recycling collection services such as kerbside or for public spaces, it has no ability to sustain such operations in the long term and the burden generally falls on local councils.

In response to ongoing concern about packaging the first version of the NPC was modified in 2005 to include post consumer packaging recycling targets, KPIs and improved compliance procedures. It is up for a mid term review by the end of this year. At that time the EPHC can make a decision on whether additional economic instruments are required to help achieve recycling targets, as well as other key NPC goals.

It is important to realise that even if the NPC did not exist then current recycling programs and infrastructure (eg, kerbside collection, landfill levies) will continue. In effect the NPC already operates alongside other instruments and government have always retained the right to supplement it. Industry claim any additional measures must be 'complementary' and have an 'institutional fit' with the co-regulatory nature of the NPC. That is, they claim a veto over government policy.

TEC rejects this as an invalid extension of power, despite a few companies (beverage groups) suggesting they may leave the NPC if for example, container deposits are brought in. It should be noted that such companies could not do this, as it would breach the accompanying National Environment Protection Measure which mandates their involvement in the NPC. Further the beverage companies are only a very small portion of the 600 odd signatories.

The NPC has greater potential to influence the important issues of product design, recyclability and recycled content, which reduce the use of virgin raw materials. There is an obligation to implement the Environmental Code of Practice for Packaging which has detailed provisions which are to be expressed via company action plans. The NPC has not in our view provided sufficient resources or focus to upgrade compliance and assist with the multiple adjustments that can be required for thousands of products. This is partly due to a lack of financial support for such a large task and the distraction of having to be part of the political debate about recycling policies.

There has recently been discussion about the amount of recycling of post consumer packaging, revealing an alarming degree of inaccuracy. Efforts are being made to improve the accuracy and objectivity of the data. Nevertheless TEC believes that the NPC will not reach its target of 65% by 2010 and the improvement trend since 2005 has been slow. Of great importance are sub-targets, which ministers said, at the time, also had to be reached. There is clearly a serious problem with glass; and the target for plastic is absurdly low and would be a chief area for major improvement post 2010. This particularly applies to containers which are a primary use of glass and plastic. Container deposits would lead to a massive improvement in recovery. Other key objectives including no increase in waste to landfill (despite population and consumption growth over the Covenant period) and significant effort on 'away from home' consumption are also seriously lagging.

In sum the NPC needs serious surgery.

Jeff Angel
Director
23 May 2008