

27 May 2008

Submission to the Inquiry into the Management of Australia's Waste Streams and consideration of the Drink Container Recycling Bill

The Australian Conservation Foundation believes that Australia needs a new national recycling and waste management strategy with the clear goal of becoming a zero waste society. This would be one component of a national Sustainability Charter with the goal of achieving an environmentally sustainable Australia within a generation.

1 Trends in waste production in Australia and effectiveness of existing strategies

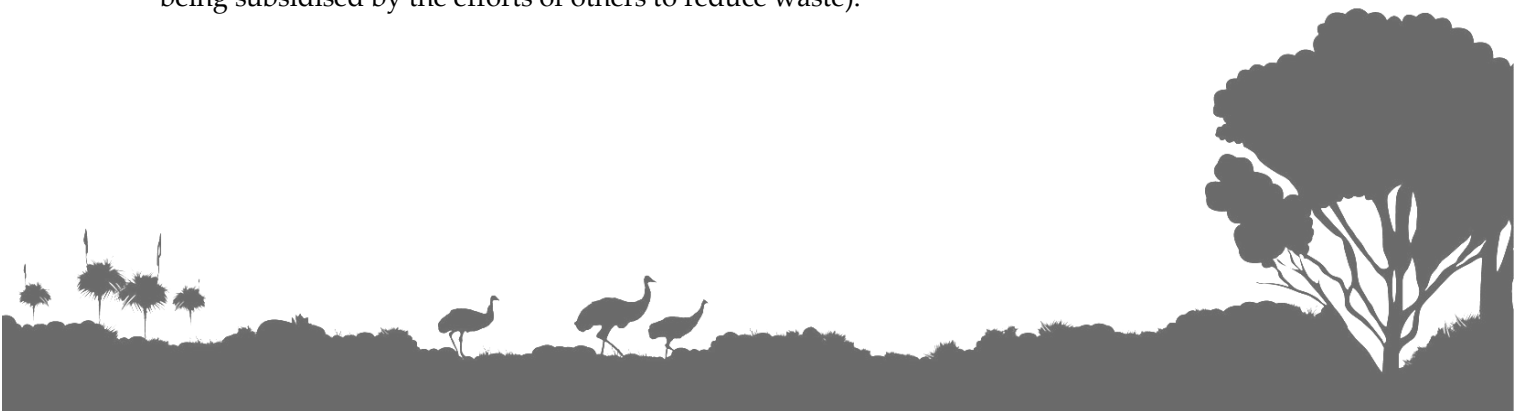
The Australian Conservation Foundation (ACF) is a member of the Boomerang Alliance and refers the Inquiry to the submission from the Boomerang Alliance for detailed analysis of trends in waste production in Australia and the effectiveness of existing strategies.

2. Potential new strategies and policy priorities to reduce recover and reuse waste

Polluter pays principle

The policy priorities outlined in this submission are based on the polluter pays principle which uses a range of mechanisms to embed into the product the cost of its recovery, reuse and recycling so as to minimise waste. The polluter pays principle ensures that the full social and environmental costs of products are internalised or paid by the consumer and are not subsidised by rate payers, or by tax payers, through higher charges for waste management.

Generalised charges via rates and taxes that cover the costs of waste management do not provide a price signal to the consumer. This system is inherently inequitable as well as environmentally wasteful. It penalises consumers that do choose to reduce waste (as there is no saving in the taxes or charges for the efforts made) while also rewarding consumers who are wasteful (as they are being subsidised by the efforts of others to reduce waste).



Policy Priorities:

2.1 Develop Extended Producer Responsibility (EPR) programs

The basis of Extended Producer Responsibility schemes is to regard waste, in business and societal terms, as inefficient and a cost to the environment and to the economy that should be avoided.

Following the polluter pays principle, EPR programs shift the responsibility and costs of recycling, re-use and waste management away from local government and onto business and their customers thereby internalising the cost of waste management into the price of the product. However a key benefit of EPR programs is that if the producer is required to pay for waste they have an incentive to adopt designs, production processes and packaging that is less wasteful in order to gain a competitive edge in the market place. It is inherently an incentive to be less wasteful.

Government leadership is needed to institute programs including use of best practise international standards to ensure the whole of a product's lifecycle is considered at the design and product development stage.

2.2 Reform of taxes and charges

In concert with extended producer responsibility schemes a review of taxes, charges and other regulatory measures needs to be conducted using sustainability targets and criteria to ensure that incentives and disincentives are well targeted and geared toward maximising recovery and reuse of materials. This should be incorporated into the current federal Tax Review announced in the last last budget.

One immediate step would be for local and state government authorities, under a program led by the Australian government, to review pricing for waste services so as to incorporate the full social and environmental costs of waste management which would provide a greater overall incentive to recycle and reuse.

In addition local governments could take the immediate step to better inform ratepayers via the bills covering kerbside garbage and recycling collection services by separately showing the amounts charged for waste and landfill costs, recycling collection costs, and value of recovered materials.

This will help inform the community and increase the willingness of consumers to pay for new and better targeted polluter pays strategies as they begin to understand how much they are paying, or subsidising other free-riders, for waste management costs irrespective of their own behaviour choices.

2.3 Container deposit schemes (CDS)

ACF supports the Drink Container Recycling Bill 2008 introduced by Family First to provide for the payment and refund of deposits for drink containers. This reform would be an important and immediate national step forward while a new national waste strategy was developed based on broader scale EPR programs and a review of taxes and charges. The South Australian and other international experience provides strong evidence where significant improvement in recycling rates for drink containers can be achieved.

The criticisms of container deposit schemes as being duplicative and inefficient fail to recognise the full range of social and environmental costs of drink container waste which are not included or costed in the analyses to date, especially for the away from home waste stream. Such critiques also

fail to recognise the significant community education value built into such schemes. The South Australian experience attests to high public support and community educative value of CDS.

One of the key benefits of container deposit schemes is that it embeds an incentive, and a new way of thinking by consumers, into the product. With a deposit and refund system the consumer now has an incentive to regard the product as a resource to be re-used, not a waste item to be discarded. Due to the everyday prevalence and use of drink containers this reform measure could provide a powerful core driver for an ongoing community education program to shape new understanding about how broader Extended Producer Responsibility programs can play an instrumental role in moving toward an environmentally sustainable society. The ongoing community educative benefit (a positive externality) of a container deposit scheme would have a significant social and financial value and must be taken into account in decision making that weighs up the relative costs and benefits of complementary recycling strategies.

3. RECOMMENDATIONS

South Australia introduced container deposit legislation in 1975. In the more than 30 years since its introduction the community acceptance and popularity of the program has grown. The scheme has demonstrably lifted recycling rates for beverage containers and increased community awareness and support of the value of recycling. In the same period there have been many reviews and reports by local, state and federal governments seeking to deal with Australia's waste problem and the culture of the "throw away society" on which it is built. This has led to voluntary and poorly performing agreements and resistance to polluter pays measures.

ACF notes that in evidence provided to the Parliamentary Inquiry into a Sustainability Charter the Australian Council of Recyclers illustrated the growth of the waste stream in Australia with an estimated 1.6 tonnes being generated each year per person. ACF also notes that the current voluntary approach adopted in the National Packaging Covenant (NPC) is failing to meet its targets. Containers are the worst performing area.

ACF recognises that the Environmental Protection and Heritage Council (EPHC) has recently agreed to conduct an assessment of options for new national measures including container deposits. ACF supports the direction of the EPHC to assess new measures. However 33 years after the introduction of container deposit legislation in South Australia, and in a new era of growing community understanding about the need to move more quickly to an environmentally sustainable society, ACF believes it is time end further delays and get on with job.

There is a urgent need to invest in new community based measures that provide direct incentives which reward frugal and efficient behaviours, and penalise wasteful behaviours. The hidden subsidies being paid by rate payers and tax payers for wasteful behaviour must end.

Recommendations

- 1. ACF recommends that the Australian Parliament support the Drink Container Recycling Bill as a complementary measure to current recycling schemes . This would embed a very valuable (and unpriced) benefit in changing community perceptions about waste, especially for widely used and high visibility products such as drink containers in public places.**
- 2. ACF recommends the Australian Government, through the EPHC, fast track the assessment of new measures and develop a new national recycling and waste management strategy that builds on the momentum of local and state programs and focuses on extended producer responsibility schemes which implement the polluter pays principle.**

4. Policy priorities and their environmental and social benefits

4.1 Start now with the Drink Container Recycling Bill

Based on the experience of South Australia, the implementation of a National Container Deposit System (CDS) can lift the recovery and recycling of beverage container waste to at least 80%, compared to the current 43%.

According to research conducted by the Boomerang Alliance the current overall level of packaging recycling performance of 43% falls far behind the national 2010 target of 65% set within the National Packaging Covenant NPC. A container deposit system could lift overall packaging recycling rates to 55% including to double the recycling rates for glass containers and steel cans – and result in the 2010 recycling targets for these products as set by the Environment Protection and Heritage Council being exceeded rather than missed if the current business as usual NPC scenarios were pursued.

4.2 Benefits of the Drink Container Recycling Bill

The improved recovery rates of bottles and cans will produce substantial economic, social and environmental benefits – many of which have not being included in benefit cost analyses in previous studies. These include:

1. Reduction in greenhouse gas emissions – via energy savings embedded in products as well as reduced landfill emissions
2. Reduction in water use – compared to use of virgin materials
3. Reduction in municipal waste to landfill – saving general ratepayers costs which are instead borne by consumers that waste containers and forfeit deposits
4. Reduction in recycling contamination rates – particularly kerbside single bin glass contamination of paper, and the mixing of different types of plastics
5. Reduction in the volume of litter including of containers (particularly glass) that cause injury and damage in public places
6. Reduction in litter that causes injury to wildlife (washed in drains, rivers, lakes and oceans) particularly to aquatic animals and birds which suffer from entanglements in plastic
7. Creation of sustainably financed network of community collection centres – which could form the basis for ancillary and periodic collection of other high priority wastes for recycling (e.g.: electronic waste)
8. Creation of recycling jobs and the incentive for community groups to earn income through collection drives
9. Complementing kerbside recycling by providing consumer the incentives to recycle for the 50% of beverage containers that are consumed away from home
10. Improvement of the economic viability of kerbside recycling by providing councils the opportunity to redeem deposits for drink containers in kerbside collections and to make savings in landfill, waste management and other costs
11. Increased enjoyment of litter free parks, waterways and landscapes (6 of the top 10 litter items collected by Clean Up Australia are related to beverage containers and bottle caps)

All of these benefits taken together make a compelling case for support of the Commonwealth Drink Container Recycling Bill without further delay. The experience of South Australia, where the scheme enjoys wide political and community support demonstrate that the community is willing to pay a reasonable additional cost for such a scheme – particularly when that cost is designed in such a way that it directly encourages recycling, and penalises wasteful behaviour.

4.3 The need for a new national recycling and waste management strategy

The Australian Conservation Foundation (ACF) believes that Australia needs a national recycling and waste management strategy with the overall goal that Australia become a zero waste society.

ACF believes the need for ecological sustainability requires waste minimisation and pollution prevention to be the core drivers for a new national waste management strategy. Waste should be viewed primarily as a resource to be utilised by current or future generations, rather than as material for which society has no further use. The management of waste matter should be assessed within the hierarchy of avoidance, reduction, reuse and recycling. The environment does not have unlimited capacity to assimilate waste and pollution.

Under policies to reduce greenhouse gas emissions, waste recovery and landfill avoidance becomes increasingly important. It has been shown that waste in landfills continues to emit greenhouse gas emissions for up to 50 years, most commonly in the form of methane, approximately 24 times stronger in its greenhouse impact than carbon dioxide. Studies have indicated that unless landfill management techniques change, up to 2 billion tonnes of greenhouse gas emissions will be released from landfills over the next 50 years, making our emissions reductions targets much more difficult to meet¹.

Importantly, there is a very strong economic case for an improved national approach waste management. With increasingly scarce and expensive raw materials (including oil inputs for plastics production), a well structured national waste management strategy will put in place the certainty for further growth and development of the waste management industry to become a significant contributor to the economy.

The Australian company, Global Renewables (www.globalrenewables.com.au) shows the massive potential of the industry. The company describes its waste management facilities as “mining the urban ore body”, recognising the value in much of the waste stream that is largely ignored by low cost landfills. Through its waste contract in the UK county of Lancashire, the company is developing a waste treatment facility to process wastes from over 1.4 million households, under a \$5 billion contract that diverts up to 75% of waste from landfill, generates clean energy and avoids 4 million tonnes of greenhouse gas pollution.

Currently in Australia, opportunities such as these are largely missed due to mispricing of waste and poorly aligned incentives.

4.4 What are the elements of a new national recycling and waste management strategy?

¹ Global Renewables (2008), Media Release: Plastic Bag Action a Positive Step, But More Action Required, quoting figures from a study by Warnken ISE, www.globalrenewables.com.au, accessed 26 May 2008.

1. Set clear goals and targets

- Establish goals and policies incorporating total waste management plans, environmental audits and an integrated regulatory framework. These need to be transparent and regularly monitored.
- Targets would be established for categories of current waste materials to reduce the rate of resource used per unit of service delivered by improving process design and efficiency.

ACF recommends the following targets as a starting point:

1. By 2020 reduce the generation of domestic, commercial and industrial waste by 30% (over 2002 levels)
2. By 2030 recover and recycle 95% of all domestic, commercial and industrial waste.

2. Establish and regularly revise standards based on world best practice

Formulate national guidelines and standards for pollution prevention and environmental protection, aimed at ultimately achieving closed cycle management of wastes;

- Establish research and development programs to investigate waste minimisation and treatment technologies that consistently update best available technology with the objective to establish targets and market incentives for industry to incorporate new processes;
- Implement national standards for packaging and product development which emphasise waste reduction, durability and use of re-useable, recyclable materials.
- Focus emphasis on design and production of high quality, low waste consumer products that are durable, repairable, reusable and recyclable, and based on renewable resources;

3. Embed lifecycle costs

- All substances and services utilised in the economy should bear their complete lifecycle costs in social, environmental and economic terms, so that the community can decide in full knowledge whether their continued production and/or use can be justified over time.
- All industrial activity must aim to be much more resource efficient in terms of materials and energy use, in order to conserve raw materials for future needs.

4. Government leadership

- Commonwealth State and Local Governments can lead by instituting purchasing policies for procurement of resource efficient, low waste and recycled products;
- Governments can work with industry to develop markets for products derived from secondary material, thus reducing the cost differential between virgin and secondary resource use and eliminating market distortions favouring virgin materials;
- Governments can inform the community on the benefits of waste minimisation and conservation of resources through an effective labeling scheme to assist consumer selection of

goods with minimum environmental impact and low energy and materials usage, with emphasis on durable and repairable products, and the prevention of misleading advertising and false claims;

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The Australian Conservation Foundation is committed to achieve a healthy environment for all Australians. We work with the community, business and government to protect, restore and sustain our environment.

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