

Our ref: R90/0561  
20 May 2008

The Committee Secretary  
Senate Standing Committee on Environment, Communications and the Arts  
Department of the Senate  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

Dear Sir / Madam

We thank you for the opportunity to provide a submission to the Senate Inquiry into the Management of Australia's Waste Streams (the Inquiry)

We note the Inquiry's terms of reference, specifically:

- 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](#).

Our submission will be structured around those terms of reference.

The NSW Local Government and Shires Associations (LGSA), as representative organisation for all local councils in NSW, presents this submission as representing the views of NSW councils. The LGSA is also an affiliate of the Boomerang Alliance, representing a consortium of environmental and local government organisations, and a member of the Australian Local Government Association (ALGA). The views in this submission should be seen as complementary to these broader submissions.

Please note that in order to meet the Inquiry's 23 May deadline, this submission is being provided in draft form. It will be considered by the LGSA Executives at their next meeting in August 2008. It is however consistent with the LGSA's endorsed waste policy statement, so can be considered as fully reflecting LGSA's position. We will inform you after the July Executive meetings if there are any changes.

We would be happy to expand on any of the points raised in our submission at any hearings conducted as part of this inquiry.

Yours sincerely

Cr Genia McCaffery  
**President**  
Local Government Association

Cr Bruce Miller  
**President**  
Shires Association

## **Local Government and Shires Associations of NSW Submission**

### **a. Trends in waste production in Australia across household, consumer, commercial and industrial waste streams;**

The Associations note with some concern, reports from successive studies indicating that waste volumes and tonnages appear to be increasing, despite long standing and well intentioned initiatives by governments, state, national and local, to bring about waste reduction. It is acknowledged however that without Government initiatives and intervention, these increases may have been substantially higher. These increases are variable depending on the waste sector, with the most challenging types of waste being commercial / industrial and household waste.

There is a growing awareness regarding the impact of waste disposal on greenhouse gas emissions and climate change. Recent studies<sup>1</sup> have confirmed the significant contribution of landfill emissions to the increase in greenhouse gas emissions. These emissions represent a large proportion of the potential greenhouse gas emissions from council operations, when compared to fleet management, facility energy usage etc. The minimisation of the emissions from waste facilities also represents an opportunity for councils to make a large contribution to greenhouse gas reduction and mitigation of climate change.

Increasing waste volumes and related greenhouse gas emissions are however, symptoms of a much larger issue, specifically the largely unregulated levels of production and consumption. Clearly, efforts to reduce waste production at the “tail end” of the production cycle are extremely difficult while production and consumption continue unchecked without effective return loops and reuse / recycling schemes.

### **b. Effectiveness of existing strategies to reduce, recover or reuse waste from different waste streams;**

In NSW the rapidly increasing waste levy (a per tonne charge that applies to disposal but is waived for materials that are recycled) which is applied to landfilled waste (and is therefore passed on to households through their domestic waste charges) is acting as an incentive for alternative waste technologies, which, through their treatment of incoming waste, reduce the volume and tonnage of residual waste. Importantly however, it does not appear to be reducing the volumes or tonnages of materials that are emanating from households through their weekly waste collection. Clearly the message (“more waste costs more money”) is diffused in the domestic situation, and waste is an inelastic commodity in this regard.

The net result of the waste levy is therefore that waste volumes, and collected levies and income to Treasury continue to rise. The levy, which is promoted as a waste reduction incentive, in effect becomes no more than a tax on waste. Local Government’s view is that the waste levy should be hypothecated to programs that will reduce waste. Ultimately, if the levy is successfully deployed for this purpose, waste tonnages (and levy income) will decrease. A fully successful levy should theoretically be the instrument of its own demise. Realistically it can be applied to bring about a dramatic reduction of waste generation. This application is not happening to any large degree.

There have been some degrees of success with particular waste streams: construction and demolition waste for example have been quite effectively reduced in NSW by the use of economic instruments such as the waste levy and education campaigns and materials. Ultimately, for C&D waste, where the waste contractor at the landfill weighbridge receives a direct signal, the “hip pocket” provides a powerful incentive to reduce waste.

### **c. Potential new strategies to reduce, recover or reuse waste from different waste streams;**

The area of organic waste is an important waste stream which should be addressed. Fundamentally, it is the organic fraction (food waste and garden waste) that distinguishes solid (dry) waste from mixed or putrescible (wet) waste. The management options for dry solid waste are more straightforward than those for mixed waste. More importantly, the organic fraction has the highest potential to emit greenhouse gases and influence climate change. Through appropriate waste management practices, this impact can however be managed.

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<sup>1</sup> Warnken ISE (2007) The Potential Greenhouse Gas Liability from Landfill in Australia

The dilemma facing waste managers and waste policy direction is whether the organic fraction should be kept as a totally separate stream, or whether the total mixed waste stream (including food and garden waste) should be collected together and subjected to a treatment process to extract the organic fraction or beneficial products to produce mulches and conditioners, perhaps fuel from gas extraction etc.

Local councils have made significant progress in providing separate garden waste collection to households. While garden waste represents an additional expense in terms of collection and processing, it is basically benign in terms of odour and potential health impacts. This has enabled collections to occur with less frequency (perhaps fortnightly, quarterly or even “on call”). The removal of food waste from the mixed waste stream presents greater challenges however. Some councils are currently undertaking food waste collection trials, however society is still a long way from the time when food waste collection occurs on a broad scale and is managed separately.

Current alternative waste technologies (AWTs) tend to rely on large scale, costly and technically complex processes to remove the organic fraction. Pre-sorting is commonly used to reduce contamination and remove recyclables, however it is fair to say that quality control of the outputs is still a work in progress in many cases.

The danger in the above policy scenario is that councils and Governments reduce their consideration to a fundamental question of “which big black box (AWT) should we go with?” They simply compare big technologies. In the case of garden and food waste, the value of small scale technology (through on-site composting and mulching) which does not require the massive inputs of energy, transport etc, is overlooked. Further, the value of education and behaviour change and the adage “an ounce of (waste) prevention is worth a pound of cure” is lost, in favour of convenience and homogeneity. Success is measured in terms of consistency of bin sizes and lid colours, rather than the quantities therein This seriously underestimates the cumulative capacity of individuals and households to make a difference.

#### **d. The economic, environmental and social benefits and costs of such strategies;**

Ultimately waste management is an “end of pipe” activity, and unless there are systems in place at the front end, ie in the production and consumption sector, it will remain costly and operate in an uncertain market. For example, if garden waste collection and the production of soil conditioners occurs in a policy scenario where there are no financial incentives to beneficially reuse the materials, the product will falter in the market place, unable to compete with virgin materials.

The same principle applies to the collection of recyclable containers. In this case, appropriate regulation on producers of these commodities would require them to reuse, incorporate recycled product and take financial responsibility for their products. The lack of this regulation means that the costs and financial risks are borne by the “end of pipe” operators: councils and waste operators.

This very common theme, a regulatory policy “vacuum”, exists in many waste streams, tyres, computers, whitegoods, vehicles to name a few. Governments are reluctant to regulate, and often opt for voluntary, or “co-regulatory” systems. In some ways these co-regulatory schemes are worse than a vacuum because they create a false impression, often couched in rhetoric rather than genuinely measureable outcomes, that the matter is in hand.

In reality these co-regulatory systems have proven to be very difficult to manage and evaluate. The more successful ones (eg Drum Muster, ChemClear, Oil Levy), while not perfect, do share a common feature: they are funded by industry, either from a general industry pool, or from a levy on consumers. Industry ownership and funding of such schemes, overseen by firm and fair government regulation, will inevitably lead to greater efficiencies, as the industries will be compelled, by economic forces, to improve the recycling and return systems.

At the other end of the spectrum, the National Packaging Covenant has proven extremely unsatisfactory because of the diffusion of responsibilities and costs, and the lack of acknowledgement (by industry and State Governments) of the massive financial support that is provided by local councils every year (in the order of \$300 million) to keep kerbside recycling systems operating, albeit inefficiently and with poor return rates. In

Extended Producer Responsibility terms, and measured against economic, social and environmental outcomes, the National Packaging Covenant is a blueprint for failure. From the packaging industry's viewpoint, as a measure of staving off genuine industry regulation and accountability, it is undoubtedly a major triumph.

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

Local Government identifies the following important broad waste policy priorities:

- A genuine policy of national **Extended Producer Responsibility (EPR)**. Despite having none of the challenges presented by land borders, Australia lags behind European Union countries and states of the United States / Canada in terms of its ability to develop fair, level playing field regulatory systems. To multinational corporations, who produce internationally available products whose design and composition is geared towards the most stringent regulatory regimes (eg those in Europe), Australia must seem like some sort of regulatory "Shangri-Lah". Yet industry has demonstrated that it is not averse to regulation, provided that the regulation is fair and even handed. Industry will continue to resist these attempts to develop regulatory systems, but history has shown that once in place, industry will accept and even become a champion for these systems, which can highlight their improved environmental performance and accountability.
- The LGSA calls for a **more genuine debate** on waste policy matters. There needs to be an acceptance that industry, despite its regular assertions, is not driven by altruism. Nor should it be. Industry survival depends on the financial bottom line. Far from being a criticism, the acceptance of this fact and the clarification of industry's positioning will lead to a more productive policy debate, and better policy outcomes. As an example, industry often cites its opposition to container deposits as being based on a wish to protect kerbside recycling. This is at best misguided, at worst mischievous and misleading. Local Government, the owners and operators of kerbside recycling, refute this assertion and point to the immense cost, inefficiencies, low return rates and dubious environmental benefits of kerbside systems. As is so often the case, local government continues to deliver the service because of the absence of anything better, or more equitable, and in the face of formidable community expectation that someone will do something. State Governments continue to be a party to this "protect recycling" message, because it is an easier option than introducing genuine, industry funded programs that correctly assign the financial, economic and social responsibility upstream on the producers who enter the marketplace to make a profit or return to shareholders.
- Solutions to the **greenhouse gas emissions** and climate change impacts of waste management need to be fully understood, and solutions need to be developed to minimise this impact. The potential impact of poor waste management on climate change is formidable, certainly much higher than the potential impacts of poor fleet management, poor lighting and poor infrastructure design and management. This relates to the methane and carbon dioxide emissions from poorly managed organic waste, but also, it relates to the embodied energy in commodities such as aluminium packaging, glass, post consumer steel etc. Society is in a position to reduce the impact of the virgin production of these commodities by ensuring that use of recycled materials is maximised. Presently this is largely driven by economics, ie aluminium tends to be successfully recycled because of its economic value against virgin aluminium. The recycling of aluminium also results in an environmental saving, on top of its economic benefits. A similar analysis can be applied to paper and newsprint. In contrast, recycled plastics have little economic worth, and the market for recycled plastic is volatile and less economically sustainable. Yet the recycling of plastics and re-use in containers and packaging carries significant environmental benefits. In situations like these, the recycling industry, where the risk is borne by end of pipe stakeholders such as councils and recyclers should not be allowed to "stand or fall" solely on its economic viability. There is a case for the creation of artificial economic values and market instruments to ensure recovery, reuse and recycling. Government policy can play an important role here, through the introduction of extended producer responsibility schemes which require these loops to be closed.
- The growing problem of **electronic waste (e-waste)** needs to be addressed. E-waste (computers, monitors, printers and other peripherals) forms an ever growing proportion of the waste stream and is

increasingly and overwhelmingly evident in council clean ups. The NSW State Government has identified e-waste as one of its wastes of concern, however the regulation of this problematic waste stream has proven elusive. There are issues relating to the toxicity of metals in the electronic components, and the unrecyclable nature of the plastic cabinets, due to the inclusion of fire retardants in their composition. The main issue however is the short life cycle of the product itself. The computer industry tends to have very short replacement times, in the order of 2-3 years, and this results in a very large waste stream. It is a clear case for extended producer responsibility. The Associations are encouraged by the attempts of some brand owners to undertake industry funded collection trials, however the introduction of an industry wide return program, with the cost built into the purchase of the computer, is long overdue. This can only occur through national Government regulation.

**f. Consideration of the [Drink Container Recycling Bill 2008](#).**

The Drink Container Recycling Bill 2008 is supported.

Local Government in NSW has been a strong supporter of Container Deposit Legislation (CDL) for many years. This support is based on the following principles:

- CDL is a proven system to achieve high return rates of containers in clean, well sorted condition,
- CDL is very cost effective (and close to cost neutral for consumers) when compared to the massive cost to councils and their communities of providing kerbside recycling of containers and cleaning up container litter,
- Current kerbside systems, while they have high participation rates, only collect low proportions of containers, in the order of 28-40%. CDL in South Australia achieves return rates of 70-85%.
- CDL has the ability to deal with away from home consumption as well. By contrast, attempts in other states to introduce dedicated bin systems in public places have proven unsuccessful due to cross contamination.
- Kerbside systems and CDL co-exist quite successfully in South Australia. In fact the removal of containers from the recycling stream enhances the effectiveness of kerbside systems, which continue to collect well sorted paper, with no risk of contamination from broken glass.
- There is overwhelming public support for CDL: successive surveys have found this support to be in the 95-98% range.
- There are potential social benefits to CDL systems as they provide an income stream for community groups. In South Australia the Scout movement is a major player in the CDL system
- An additional benefit of CDL, as evident in South Australia, is that collection depots also become receipt facilities for other post consumer materials and products, eg whitegoods, car batteries, paper, metals, etc. the end result is that many different types of materials are kept out of the waste stream and are successfully recycled.