Waste Generation and Resource Efficiency

Productivity Commission Issues Paper
December 2005

Steel Packaging Submission

Introduction

The Canmakers Institute of Australia & The Steel Can Recycling Council representing the steel can industry are making this submission to ensure accurate information is provided on steel packaging's presence in the waste chain. Steel packaging makes up approximately 2.5% of the waste that goes to landfill, however, since steel is 100% recyclable, it is possible and beneficial that all steel is recycled.

Steel is 100% recyclable, which means its lifecycle is potentially continuous. The ease in which steel is able to be recycled relies upon its magnetic qualities. Steel is easily picked out of garbage and recycling waste by magnetic separation offering a cost efficient alternative to manual separation used for other materials. Making steel from recycled cans uses 75% less energy than when producing steel from raw materials and every tonne of steel recycled saves 1131kg of iron ore, 633kg of coal and 54kg of limestone.

The submission will provide information on both the municipal and the commercial and industrial sector.

Municipal Sector and the Steel Can Recycling Council

The Steel Can Recycling Council was established in 1996 to encourage consumers to send their steel cans to recycling rather than to landfill.

In 1991 there was almost no steel can recycling in Australia and by the time the Steel Can Recycling Council was formally established, around 6.9 million people gained access to steel can recycling, with 128 councils recycling steel cans and a recycling rate of 14%.

Today, following the efforts and successes of the Steel Can Recycling Council, 378 councils now recycle steel cans with nearly 19 million people or 94% of the total population having access to steel can recycling.

The Steel Can Recycling Council comprises representatives from the Aerosol Association of Australia, BlueScope Steel, the Canned Food Industry Association and the Can Makers Institute of Australia. The contributions these associations make to the SCRC have driven the success we see today. Without them, municipal steel can recycling would not be as successful as it is today, with 94% coverage of the Australian population and a 56% steel can recycling rate.

The Steel Can Recycling Council commissions Hyder Consulting (formerly Nolan ITU) to calculate the steel can recycling rate on an annual basis. The current figure of the 2003/2004 financial year is 56%. The table below shows how this rate is formed.

Steel Can Recycling Quantities and Rates for 2003/04

Source	Material Available for Recycling (tonnes)	Recycling (tonnes)	Recycling Rate
Pre Consumer	26 350	26 350	100.0%
Post Consumer	82 065	34 483	42.0%
Total	108 415	60 833	56.1%

The kerbside system is a solid infrastructure, the responsibility now is passed onto the individual to use kerbside in order for the steel can recycling rate to increase. The Steel Can Recycling Council is dedicated to raising awareness of the recyclability of steel and ensuring this awareness is turned into action. Consumer research conducted by Roy Morgan for the SCRC indicates that awareness of the recyclability of steel cans sits at 82%. Our focus will be to raise awareness of the less known steel cans, such as aerosols and paint cans. As a signatory to the packaging covenant, the SCRC are committed to assisting the whole packaging supply chain to reach the 65% recycling rate.

Commercial and Industrial Sector

The Commercial and Industrial Sector (C&I) for steel packaging is in a different stage of life compared to the municipal sector and therefore requires a different approach. The following questions were posed as issues that needed attention from the waste generation paper.

1. **What is the current situation for the waste management of commercial and industrial products?**

- **What products dominate the C&I industry that relate to this inquiry (i.e non hazardous)**

The majority of steel packaging that dominates the C&I industry are the larger containers that are usually greater than 10 litres in volume. The products that fill these containers range from solvents, paints, pesticides, household chemicals, edible oils and petroleum.

- **What processes are currently in place that handle the recycling/reuse of the products?**

Generally businesses employ a waste management company that provides a pick-up service for recyclable material.

Collection systems have been created to collect steel packaging from this sector such as DrumMuster and Paintback™. DrumMuster was created to collect the drums from the rural sector that were traditionally disposed of on properties. DrumMuster collected 5000 tonnes of steel containers of 20L and above for the period 1999-2006.

Paintback™ is a recent initiative that provides a drop off centre at Bunning's stores for the collection of paint and paint containers for recycling. Trials have proven this program a success so the first permanent program will be launched on 3rd April 2006. The steel can industry supports this program and its future expansion across Australia.

- **Does data exist that relates to waste management, for example, landfill and recycling figures. If this data could be collected, how would it be used and who should be responsible for collecting it?**

There seems to be no official state wide data on steel packaging for the C&I sector. Presently it is the responsibility of each company that is a covenant signatory. The data is used by the Packaging Covenant authority for the compilation of reports to the public, government and industry.

- **What are the advantages and disadvantages of the different regulatory options for setting up extended producer responsibility or product stewardship schemes: self-regulation, co-regulation and explicit legislation?**

Self-regulation is the best option for industry. The Packaging Covenant approach is accepted and endorsed by the steel packaging industry as being a system that provides a win for both industry and the environment. Free riders are an issue in a self-regulation approach; however, the Packaging Covenant ensures it will be difficult to avoid responsibility through the application of the NEPM.

Explicit legislation is not the preferred option for industry and may result in increased costs to both the industry and to consumers. If the industry is forced to take on particular waste reducing activities then this will disadvantage the companies that were doing the right thing from the start. Forcing behaviour will never be as successful as when companies take on responsibility and implement actions on a voluntary basis.

- **What is the role of levies in extended producer responsibility and product stewardship schemes?**

Levies should only be applied to those industries that do not implement strategies to avoid waste. Levies should not be heavily applied, as there is only a certain level of responsibility that can be applied to the industry. For example, industry can educate, however, it is impossible to police all who purchase their products. It is the government's responsibility to provide recycling awareness campaigns and to provide the infrastructure.

- **If producers are required to pay a mandatory levy, what other obligations should be placed upon them?**

Levies do not achieve the main aim of waste reduction. Industries first responsibility is to improve the processes to make them more resource and energy efficient and environmentally friendly.

In conclusion, below are some bullet points to consider for the overall questions asked by the commission.

What are the economic, environmental and social costs and benefits of waste and waste-related activities?

Benefits:

- Saving of valuable resources such as raw materials, power etc
- Prolongs life of landfill
- Reduces greenhouse emissions
- Creates jobs

Costs

- Collection costs
- Processing costs

- Market generation i.e. establishing markets for the secondary use of materials eg plastics channelled into irrigation pipes

- Cost of treating residual product eg unused paint etc

- Recycling may require further processing, which could lead to new waste eg plastic, needs to be washed which results in the production of “sludge”.

What are the market failures (including externalities) associated with the generation and disposal of waste?

- Recycling for recycling sake. Cost may out weigh benefit

- Lack of efficient collection & sorting facilities

- Landfill costs too low to encourage recycling

- Regulators not proactive in encouraging recycling. For example, cans replaced by pouches as the pouches when going to landfill take up less space. This is true if the can is not recycled but irrelevant when there is a recycling program in place.

- Fillers & brandowners not obliged to take waste avoidance seriously

What strategies should be adopted by government and industry to improve economic, environmental and social outcomes in regard to waste and its management?

- Promote voluntary system with consequences for those that do not participate

- Apply same policy for locally manufactured goods and imports

- Make disposal costs at landfill reflect the total cost of disposal