7 July 2006

Presiding Commissioner
Inquiry into Waste Generation and Resource Efficiency
Productivity Commission
Locked Bag 2, Collins Street East
Melbourne Vic 8003

Dear Mr Weickhardt

Please find below Brisbane City Council's response to the Draft Inquiry into Waste Generation and Resource Efficiency report. Should you wish to clarify any issues raised, please contact Harry Copeland, Senior Program Officer Waste Minimisation on 07 3403 4517 or email harry.copeland@brisbane.qld.gov.au .

Overview

The objectives of the Productivity Commission Inquiry were *'to identify policies that will enable Australia to address market failures and externalities associated with the generation and disposal of waste, including opportunities for resource use efficiency and recovery throughout the product lifecycle*'

While the Report was to be based on sound environmental, economic and social issues, from our perspective the Report is essentially focussed on economic issues, with some conversation around environmental and social issues. Little consideration appears to have been given to applying an evaluation of the environmental values and this has lead to some findings that are both disappointing and counter-intuitive.

There is considerable variation between local government areas with respect to environmental impacts. Coastal regions, inland desert regions and natural forests all have different "environmental values" and these values vary significantly between local government areas. A true economic analysis should analyse the value of the environment to each and every local government authority (ie "what is the value placed on turtles in Moreton Bay or "what is the value of the Gold Coast hinterland")

The recommendation suggesting that *'waste management policy should focus on the environmental and social externalities associated with waste disposal, not upstream issues'* is way off the mark and reflects the flawed approach to this Inquiry. The majority of the report findings is not in line with community views.

Limited Agreement

A number of the findings are supported to a degree. The following comments are offered on the noted Chapters to assist further with the evaluation process:

- *"Waste management in Australia"* – There are significant gaps in data collection and interpretation across Australia which impinges on the capacity for any useful information being collected and interpreted for process improvement. Benchmarking of Australian and international data should not occur unless notations identifying legislative differences and other limiting detail is included in any comparisons.

- *"The costs and benefits of waste"* – The management of recycling commodities is the same as any other commodity. Organisations managing the recycling process should operate using normal business principles and supply chain principles, rather than be subsidised, otherwise the process would not be sustainable in the true sense of the word.

- *"Performance measurement"* – A number of local government authorities already use the "Australian Waste Database – Procedural Guide for Local Government" for waste categorisation audits. It is suggested that in the interests of efficiency, this database be adopted as the standard for measuring waste. Recent experience in attempting to benchmark construction and demolition waste identified three data sets being used (local government, state government and end users). Data was being measured as waste by state and local government and as a resource by end users. The outcome was poor quality, inconsistent, incompatible and sometimes invalid data, which was measured using varying measurement protocols, differing nomenclature and units of measure (weights/volumes/units). In keeping with the previous comment, recycled waste is really no longer a "waste" - it is a "reusable commodity" and should be measured the same as other commodity. Until this is realised and appropriate measurement taken into account, variable data reporting will continue.

- *"Regulation"* - Regulation for including recycled content *is* necessary to assist with improving environmental outcomes. At the same time there is also capacity to assist with developing commodity markets. However, any regulation should be based on engineering standards, depending on the type of commodity and its application. It is well known that the embedded energy within various recycled materials actually reduces energy use, saves finite resources and reduces production costs, however it is still left up to manufacturers to decide whether to use recycled commodities. Where reliable data suggests environmental gains, legislation should be applied to compel manufacturers to do so.

Some legislation to reduce plastic bag use is necessary. It is agreed that the entire plastic bag reduction process needs to be evaluated to identify underlying problems. It is also agreed that attention to litter is necessary. Damage is being caused by the current range of high density and low density polyethylene (hdpe and ldpe) plastic shopping bags, however some of the suggested alternatives, such as bags manufactured from Thermal Degrading Plastic Additives (TDPA) can cause similar damage.

Similar to previous comment, impacts from plastic bag litter varies depending on the "value" being applied to fauna and flora and the devaluation of a region from the affects of litter. This aspect must be included in the decision making process to reduce plastic bag usage.

- *"Institutional and regulatory impediments to waste management"* - The management of waste *should* remain the responsibility of Local Government. The majority of local governments already contract to private enterprise to manage waste contracts. This is not without it's problems, with local governments constantly battling to maintain contractual obligations.

  Without local government monitoring the process, significant issues would not be addressed. Federal or State Government would not be close enough to the community to manage the process effectively. Current devolution of responsibilities by State Governments would ultimately see local governments continuing with the current task of managing waste.

- It is agreed that *'Policy makers and community attitudes need to be guided by open and rigorous analysis of costs, benefits and risks'*. It is also agreed that supply chains are a major consideration for recycling to be successful. Experiences with paper recycling in 1997 show that continual increase in recycling without consideration of supply chain capacity can create an imbalance in the supply chain with catastrophic results. Too much emphasis *is* being placed on recycling as the panacea for reducing waste, but recycling after all is just another "end of pipe solution" which, if not managed on good supply chain principles, will not be sustainable. Recycling is supported by the community and provides a way to assist with improving environmental outcomes, however greater emphasis needs to be placed on the affects of consumerism and improving methodologies to reduce waste.

A Case for Waste Minimisation Waste

Waste is inevitable and occurs as a result *of a majority of processes* in a product lifecycle. Waste includes the use of a natural resource where a reusable option is available, or allowing a potentially reusable resource to "be wasted" in a landfill.

It is interesting to compare the generation and management of waste in our society and waste occurring in nature. The natural process for management of residue does not cause long term financial and environmental consequences. It is without question that the amount of waste that is generated in our society coincides with commodities produced and used.

Waste is not something that simply is, it is something that society produces. This is largely the effect of consumption. The presence of waste represents an environmental, economic and social loss to the community. It is an economic burden incurred through the costs of collection, disposal and landfill management. Waste sent to landfill not only represents potential lost jobs and industry development, but also is an inefficient and unsustainable use of natural resources. Cities and industries can create a competitive advantage by spending less on waste generation, collection recycling and disposal.

The Report suggests that *'downstream externalities arise after a material becomes waste'*. Improved product design, waste utilisation and resource recovery represent major opportunities for governments and industry to be sustainable. The $40 million spent on remediation of old landfills in Brisbane between 1997 and 2002 illustrates a fraction of the true costs of what was once seen as cheap disposal and gives some indication of the value of minimising waste generation.

Waste adds to the cost of goods and services without adding to their value or quality and is a key indicator of non-sustainability in our society. Clearly, the best method of managing waste is for it not to be there in the first place.

Upstream Intervention

The Report suggests that waste management policy makers should discontinue addressing "upstream issues". With respect, such an outcome would merely produce a policy vacuum. "Upstream Issues" are currently addressed by local government waste management policy makers because currently, these issues are not being addressed to any great extent anywhere else. Over time, upstream and waste issues have been included in engineering and architecture curricula, however currently the application of waste minimisation principles is not widespread and at best is only minimally applied.

The majority of upstream issues, waste minimisation and waste management are intrinsically linked. Policy should be developed to complement the outcomes of each other. This includes the sourcing of contracts for recycling markets, supply chain development for recycled products and community education that supports recycling. This would appear to be best handled at local government level. Who else will do the job? Would it be proposed for Federal or State Governments to take over this role or would it be industry? Or nobody at all?

Conclusions reached in the Report suggest that having modern best practice landfill removes the need to minimise waste and that introducing variability into charging arrangements will improve the balance between recycling and disposal. These are incorrect and simplistic assumptions.

The management of waste is not just the development of *"end of pipe solutions"* for commodities at the end of their lives. The management of waste and more importantly the *"minimisation of waste"* involve changing the habits of the general community, which includes educating the community to purchase products that may have a longer life, or which could be repaired or recycled. If these characteristics are not included in the design of the product, extended life or recycling of the product will not happen.

To ensure that waste issues are addressed at all stages of the product lifecycle, waste minimisation should begin *"upstream"* during the design phase of a product or commodity. *"Designing for End of Life"*, *"Design for Deconstruction"* or *"Design for the Environment"* are all processes developed in architecture that could be applied broadly across industries to assist in reducing the waste burden on society. Some car manufacturers actively promote this aspect of their products.

Responsibility for Waste

The responsibility for the minimisation of waste needs to be applied across the community. Here though, a chicken and egg scenario exists - which should happen first, producers or consumers? Ideally, educated consumers will demand the sustainable product, but if left up to the producers to determine, the approach will naturally be the softest and cheapest and will not necessarily achieve the desired effect. This is evidenced by the initial attempt with developing Action Plans under the National Packaging Covenant.

A national standard is necessary to force industry to maintain outcomes to reduce waste. The European approach to EPR has a significant impact on the reduced waste generation per capita. The Federal Government must intervene with a similar *'Extended Producer Responsibility (EPR)"* or *'Mandatory Product Stewardship'* and introduce product standards that assist in reducing the waste burden. Where this incurs a cost, that cost needs to be built in to the price of the product. This is the basis of the *"User Pays Principle"*. The extra cost of a product may influence consumer decisions - if it doesn't the consumer would assist with the cost of recycling or disposal.

The implementation of policy instruments, particularly "*Advanced Disposal Fees (ADF)"* would be in keeping with the *"User Pays Principle"* and assist in the meeting the costs of recycling and/or disposal for the community and local governments. The ADF is already applied in the form of an environmental levy at point-of-sale for waste oil and tyres, however the administrative process for this levy is in need of improvement. It is considered that the ADF could be laterally applied to all consumer goods at point-of-sale.

With due consideration to European regulation which delivers "compliance", the current process implemented by the Australian government, of co-regulatory measures, utilising "Memoranda of Understanding" between industry sectors, supported by National Environmental Protection Measures (NEPM) appears the best opportunity to deliver optimum results. Unlike the National Packaging Covenant, EPR scheme outcome definitions must be clearly defined. The development of appropriate supply chain(s) should also be investigated.

Where non-compliance or ‘lip service’ is being paid to the sector agreements, significant penalties must be applied.

This process would enable industry sectors to apply the system that best fits into their business practices with flexibility to deliver “beyond compliance” outcomes. This includes spending less on waste generation, collection, recycling and disposal, spending more on improving products and competitive businesses and subsequently assisting to improve productivity and waste management outcomes for Australia.

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CITY POLICY AND STRATEGY