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Submission to the  
Productivity Commission Draft Report  
On Waste Management

Submission from:

Paper Round  
(The Printing and Writing Papers Stewardship Association)

05 July 2006

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*“Effective national plans and sustainability strategies bring together governments, civil society and the private sector; they incorporate diverse initiatives such as “green” and “brown” agendas and country-specific best practices. Achieving this implies shifting the focus of policy from environmental protection to the broader concept of sustainable resource management”*

United Nations Environment Programme, 2002 <sup>(1)</sup>

## **Introduction**

This document is a submission from Paper Round to the release of the Productivity Commission’s draft report on Waste Management.

We commend the publication of the report as further enhancing discussions around waste and waste responsibilities, and particularly the need for robust inputs to policy development. We also strongly support the development of greater national co-ordination of Government waste strategies, definitions and data gathering.

However we would propose a wider view of resource efficiency be considered rather than a view based on narrow metrics. Within the Paper Round focus, we believe the use of market instruments – usually underpinned with a co-regulatory framework, do lead to improved economic benefits medium term; when used to deliberately change behaviour.

## **Background**

A number of Print and Paper organizations have been working jointly and individually with Federal and most State Governments on issues concerning the environmental performance of the industries for a number of years. Initiatives such as Waste Wise and Green Stamp have seen environmental performance improvements on a SME scale; while in large scale targeted sectors Newsprint recycling has achieved world class performance and the National Packaging Covenant (NPC) slowly gains traction. Overall, the sensitivity of the industry to environmental concerns and its performance in both self and co-regulatory situations can be considered successful examples in the Australian context.

The raising of “Office Papers” to a high priority status and the demands from the NSW Government for a product stewardship scheme focused on the C&I sector required the development of a new environmental model for the industry. Whereas the Newsprint recycling initiative has a relatively narrow manufacturer / converter base and is successfully supported by a well supported and robust kerb recycling program, the issues facing Office Papers product stewardship are considerable – we have a wide group of local and overseas suppliers, high cost office recycling infrastructures with limited local opportunities for fibre conversion and unstable export markets. All this operating in an environment where recycling in the workplace appears to have a lower priority than it does at home.

In recent years a group of companies and Government agencies formed the Paper Recycling Action Group of Australia (PRAGA) with an aim: “to encourage the growth of a sustainable recovery industry for paper and paperboard so as to enable a reduction in waste disposed to landfill through the maximisation of resource recovery”. <sup>(2)</sup>

Following discussions with DEC on the intended direction of the NSW Government, a new organization has been formed – The Printing and Writing Papers Stewardship Association (Paper Round). The winding up of PRAGA in June 2006 is partly in recognition of the incorporation of the new body. Intellectual property developed by PRAGA is intended to be passed to the new body.

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## **Printing and Writing Papers Stewardship Association**

To be in a position to deliver an industry-wide Product Stewardship plan, a number of organizations in the industry recognized the importance of developing a cohesive group, particularly representative of the supply-side of the Office Paper industry.

The development of a single Association – representing major local manufacturers, Importers and Distributors, Printers and the two peak bodies with almost 2000 Printers (Printing Industries Association of Australia) and 29 importers and manufacturers (Australasian Paper Industry Association) is a considerable milestone, unique in the history of Print and Paper in Australia.

Collectively the members of Paper Round represent almost 75% of office papers (i.e. non tissue, non packaging) manufactured or imported into Australia.

Printing and Writing Paper Stewardship Association Inc – known as Paper Round - was incorporated on 16 June 2006 under the Associations Incorporation Act 1981 in Melbourne with the following aim and objectives:

### 3.1 **Aim:**

**To examine if increased recovery of Office Papers from commercial and industrial premises represents the most practical resolution to the issues raised in the first instance by the EPR Priority Statement of the NSW Government, and if so to review and respond to the issue of Office Paper usage and disposal in the commercial and industrial environment with the view of achieving increased recovery of Office Papers and usage of the recovered material.**

### 3.2 **Objectives:**

- 3.2.1 To identify and evaluate means to accurately measure and reduce the volume of Office Paper being disposed to landfill.
- 3.2.2 To enable **the economic and environmentally sustainable** recovery of Office Papers from commercial and industrial premises.
- 3.2.3 To assess the volume of recycled paper required to meet the input requirements of local manufacturers of paper based products.
- 3.2.4 To assess alternative channels, and relative cost, of utilising any excess collection of Office Paper.
- 3.2.5 To foster a cohesive whole of industry approach through collaboration and communication with stakeholders, governments and industry participants.
- 3.2.6 To promote whole of industry standards and specifications

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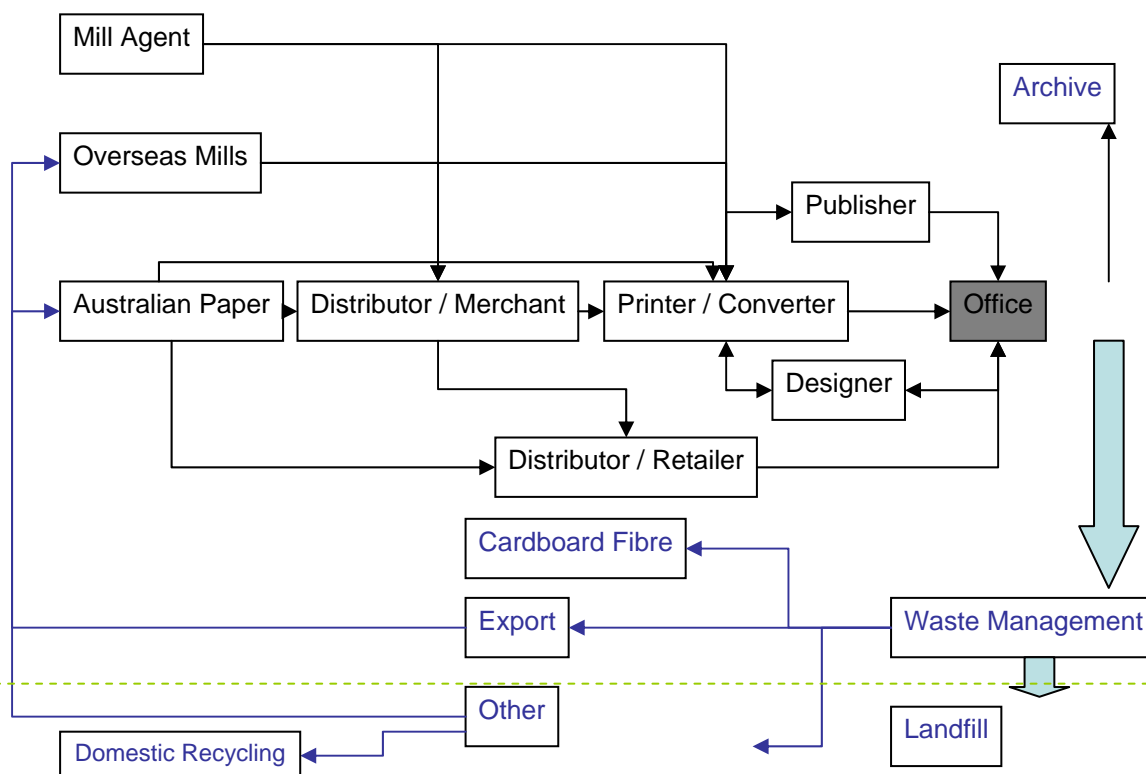
The Association appointed a CEO on 1 June 2006, based in Melbourne, and has a Board comprised of the CEO and seven non-executive Directors (Appendix 2).

### The Office Paper Situation

It is recognized that the recovery of used office paper is less than considered possible; but is also a difficult proposition. While Australia recovers less than some similar countries, issues around the culture of recycling, office building systems and general recovery infrastructure remain considerable barriers.

The office supply and recovery channel is complex. Unlike products such as automobiles – where the product can be relatively easily followed from cradle to post consumer – through monitoring of Manufacturers, Sales channels and Service companies, paper, historically, is “lost” after delivery to the office environment.

### Office paper supply chain



There is little opportunity to monitor individual usage, and the recovery system relies on a mass balance between inputs and outputs. Developing accurate figures is difficult and as is not uncommon in the waste debate, there is some conjecture by the industry on these figures.

However, with a generally accepted range of between 750 -1,000kt, the amount of product ending up in landfill is considerable.

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## Responses to specific Findings / Recommendations:

### DRAFT FINDING 2.1

***Australian waste data are collected from a range of sources. Differences in Definitions and collection methodologies between data sets, and inherent difficulties in collecting data on waste, mean that the data have substantial gaps and biases.***

And

### DRAFT RECOMMENDATION 13.1

***The Environment Protection and Heritage Council should coordinate the development of a concise, nationally consistent, data set for waste management That would facilitate evaluation and comparison of waste management policies across jurisdictions. It should have regard to data collection practices already in use.***

Developing a clear understanding of the industry's position with an apparently narrow issue such as Office Paper highlights the problems with data collection within Australia. However, data sets are developed for specific end-uses and will never suit all purposes, and industry is continually refining its needs and techniques. While there is a need for improved reporting – leadership from Government on key data priorities – based on policy - is needed prior to imposing further reporting compliance. Although we have recently seen improved Government co-ordination through the EPHC, this co-operation is not underpinned with any authority and a formal national framework is required.

### DRAFT RECOMMENDATION 7.1

***Governments should not allow the priorities suggested by the waste hierarchy to override sound policy evaluation principles based on net social benefits approach. All of the costs and benefits of alternative waste management options should be carefully evaluated.***

The report has highlighted alternative uses for recovered product should be based on sound economic rationale. We support the underlying argument that the waste hierarchy may not be the most sustainable model when considering waste management of office papers. We also note finding 4.2 concerning energy-from-waste facilities and would support further studies into the viability of such options.

### DRAFT RECOMMENDATION 12.1

***State and Territory Governments should ensure that all local government operated landfills comply with all relevant licence conditions and charge users the full costs of waste disposal.***

An additional comment we would make with regard to the above is that waste compliance issues are often product specific, and need to be considered across the waste supply chain, not just landfill. While our product (office paper) is not toxic (except when external contamination has occurred), there are security issues which need to be recognized through the waste chain. Inappropriate disposal of documents is a major source of identity fraud, with ensuing individual and public cost. Estimates of the value of identity theft in Australia are in excess of \$2B (3), and a recent survey (4) indicated concerns about identity theft rated higher than concerns about terrorism. Recent data from the US would indicate Australian companies lag behind in the secure disposal of business documentation (financial and personnel). Although Australian Governments have shown little desire to co-ordinate source document security (Birth Certificates, Drivers Licences), we would support moves to tighten

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regulations requiring organizations to destroy (shredding or secure disposal) any personal information (staff or customers) prior to leaving their custody.

DRAFT RECOMMENDATION 12.2

***State and Territory Governments should consider shifting the responsibility for waste management in large urban centres from local government to appropriately constituted regional bodies.***

The development of world class facilities requires a level of expertise and regulatory stability unlikely at local government levels to attract the size of investment required.

DRAFT RECOMMENDATION 12.4

***Governments responsible for specifying the use of materials for products, including building and construction, should review all product standards that frustrate the use of recycled products and/or call for the use of virgin materials, with a view to replacing them with performance-based equivalents where this is feasible.***

The experience of Paper Round members is that this recommendation can be further tightened. It has been apparent that although specifications within Governments can be explicit, procurement practices do not always follow.

### **Comment on the use of Product Stewardship and the role of Government support**

The markets for recovered fibre are well known, and in recent years have been growing – primarily due to the increasing demands from mills in China. Local demands for recovered fibre have been well covered in submissions to the Productivity Commission from local manufacturers.

The primary issue with recovered fibre is the considerable variation (a factor of 5) in the selling price of specific waste streams. In both local and export markets, pricing for fibre is based on the type of fibre (e.g. photocopy paper vs. packaging waste) and the condition of the stream (i.e. mixed, co-mingled, contaminated).

With similar infrastructure managing the streams, quality of waste becomes a key decision factor in the dump or re-use decision. Waste ain't waste.

The economic viability of increasing recovery becomes dependant on the quality of the waste stream. The two primary opportunities to improve this being

- 1) Greater investment in sorting and processing facilities
- 2) Improved waste stream management at source (Office)

While larger markets (primarily Europe and Nth America) have greater scale and provide sophisticated recovered fibre offerings to potential clients, the size of the Australian C&I sector limits the opportunity to develop sorting and processing facilities. Incremental improvements continue to be made by industry to improve efficiencies and opportunities, however major new investment is not considered currently viable.

Education of consumers is, however considered a viable and practical way to improve the waste stream available to industry. There is no doubt that behaviour in the home has changed with the introduction of recycling systems. While not debating the overall cost / benefit of current systems, there appears to be a disconnect between behaviour in the home and office.

Offices consume the highest grades of paper; hence the Waste resource is considered the most valuable.

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Changing this behaviour, to unlock this valuable resource requires improved systems, education and leadership.

The industry, through Paper Round has shown its commitment to leadership. However, industry leadership is often seen as (quite rightly) as self serving and requires support from external agencies to optimize results. In this instance development and implementation of a 3-5 year plan to increase the tonnage of recovered fibre has a number of risks for industry, and we see industry working with Government as crucial to success.

Identified risks include

- 1) Requirement for State / Nationwide application
- 2) Requirement for industry-wide approach – including minimizing free-rider opportunities.
- 3) Industry credibility - access to consumers

Mitigation of the risks fits well within a public / private relationship without compromising long term public policy. We believe robust agreements with Governments should provide industry a degree of regulatory security.

Data produced for Paper Round indicate a revenue opportunity of \$35,000,000 / annum for Australian industry from diversion of 750kt of Office Paper from landfill. This could rise to \$150,000,000 / annum if optimal sorting was undertaken (ref app3). These figures represent gross sales revenue, not including savings from reduced use of landfill. Current transport capacity is not considered a limiting factor, rather the development of improved “at source” sorting through a combination of education and greater use of modern building systems, will be the primary challenge to improve the value of the waste stream.

This differential (\$35m - \$150m) sizes the opportunity available to Australian industry, but requires Industry / Government partnership, and consistency across all jurisdictions.



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## Appendix 1

### Inaugural members of the Printing and Writing Papers Stewardship Association

Australasian Paper Industry Association  
Australian Paper  
Blue Star Group  
Independent Print Media Group  
Paper Agencies (Aust & NZ) Pty Ltd  
PaperlinX  
Penfold Buscombe  
Printing Industries Association of Australia  
Sappi Trading Australia Pty Ltd  
Sensis  
Paper To Paper  
UPM-Kymmene Pty Ltd

## Appendix 2

### Paper Round Board members

Stephen Anstice (Chair)	Chief Executive - IPMG Printing	IPMG
David Goldthorp (Deputy)	EGM - Corporate Development	Australian Paper
Stephen Howard	Manager	Paper to Paper
Geoff Selig	CEO, Blue Star Print Australia	Blue Star Print Group
Philip Andersen	CEO	Printing Industries Association
Nick Harvey	General Manager	Asia Paper Markets
Fiona Baxter	Group Manager Corporate Sustainability	Sensis
Tony Duncan	CEO	Paper Round

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## Appendix 3

Grades	Av. Domestic AUD / tonne	Av. Export AUD / Tonne
Sorted White Ledger (SWL)	\$270	250
Sorted Office Pack (SOP)	\$165	180
Mixed (any paper or board	\$60	90
Co-Mingled Mixed	\$60	90
Newsprint	\$120	120
Old Corrugated Cartons (OCC)	\$105	110
Residual from Co-Mingled stream	-\$40	0

## References

- 1) UNEP, 2002, *Global Environment Outlook 3; Past, Present and Future Perspectives*
- 2) PRAGA Constitution
- 3) SMH 3/6/05
- 4) Unisys Security Index and Survey, conducted May 06 by Newspoll

[www.unisys.com.au/eprise/main/admin/country/doc/au/unisys\\_security\\_survey\\_index\\_june06.pdf](http://www.unisys.com.au/eprise/main/admin/country/doc/au/unisys_security_survey_index_june06.pdf) )

## Abbreviations

APIA	Australasian Paper Industry Group
C&I	Commercial and Industrial (waste)
DEC	Department of Environment and Conservation NSW
EPR	Extended Producer Responsibility
ERG	Expert Reference Group (responsible for NSW Ministerial recommendations)
kt	Thousand tonnes
NPC	National Packing Covenant
PAWPSA	Printing and Writing Papers Stewardship Association (Paper Round)
PIAA	Printing Industries Association of Australia
PRAGA	Paper Recycling Action Group of Australia
SME	Small and Medium Enterprises