

COUNCIL REFERENCE: 4230-02  
CONTACT PERSON: David Hojem  
YOUR REF:

6 July 2006

Australian Government Productivity Commission  
Locked Bag 2  
Collins Street East  
Melbourne VIC 8003

Attention Delwyn Lanning

Dear Sir

### **Inquiry into Waste Generation and Resource Efficiency**

I refer to the abovementioned inquiry and your invitation for submissions to the draft report. The Shoalhaven City Council has reviewed the document and has provided comment with each draft finding or recommendation below. The findings and recommendations have been abbreviated or summarised in this text.

#### **Waste Management in Australia (Draft Findings 2.1 and 2.2)**

- The differences in waste data mean that the data have substantial gaps and biases which limits the usefulness of international comparisons.

*Shoalhaven Comment* – the finding is valid but is not in local government's control, and needs to be addressed at a federal level.

#### **The costs and benefits of waste (Draft Findings 4.1 to 4.4)**

- The total external costs of well located, designed and operated landfills are likely to be less than \$5 per tonne of waste.
- Modern, well-regulated energy-from-waste facilities would have minimal net negative environmental externalities compared to fossil fuel generated electricity.
- Landfills operated to best practice standards are likely to be much less costly than 'alternative waste technology' plants.
- Kerbside recycling will not deliver net social benefits unless it is privately cost effective.

*Shoalhaven Comment* – The validity of the findings needs to be acknowledged in assessing alternatives, however the findings do not incorporate community desires. Local government needs to balance the community desires with hard economics.

### **The case for government intervention (Draft Findings 5.1 and 5.2)**

- Upstream environmental externalities associated with waste are most appropriately addressed through directly targeted policies. Using waste policies for intervention is an indirect and imprecise means of addressing upstream sustainability concerns

*Shoalhaven Comment* – Local government has little influence on these broad policies which are mostly controlled at a state or federal level.

### **The waste hierarchy and target setting (Draft Finding 7.1)**

- Waste management targets are arbitrary, cannot be optimally set and do not account for regional differences or to changes in market or institutional settings. The pursuit of recovering resources at any cost can be highly inefficient and result in perverse outcomes.

*Shoalhaven Comment* – While it is agreed that current targets in NSW are arbitrary, there is a need for targets to provide focus and measurable performance indicators. However the setting of targets need to be locally based, relevant and suited to the specific materials.

### **and recommendations 7.1 and 7.2**

- *Governments should not allow waste hierarchy priorities to override policy evaluation principles based on a net social benefit when evaluating alternative waste management options.*
- *Governments should not directly or indirectly impose waste minimisation and recycling targets as part of waste management policy.*

*Shoalhaven Comment* – The Shoalhaven is geographically located on the fringe of the regulatory requirements set by the NSW government, where the local government area is largely rural and remote from the recycling markets, but recycling performance is measured against the urban Sydney Councils. A net social benefits approach would certainly be a better approach for this council with more appropriately defined targets.

### **Regulation (Draft Findings 8.1 to 8.5)**

- Mandatory standards for including recycled content in products are unlikely to produce net benefits for the community.
- Landfill regulations differ across jurisdictions. Compliance with landfill licence conditions appears to be relatively poor, and enforcement variable and lax.
- Consideration of energy-from-waste facilities, satisfactory to many advanced economies, has been prevented by strong community and political opposition.
- Necessary regulation and enforcement for litter and illegal dumping are not sufficient. Education, community involvement and moral suasion make regulation more effective.

*Shoalhaven Comment* – The Shoalhaven operates high quality landfills in full compliance with the regulations. However there is a definite need for the regulations to consider performance-based regulatory requirements instead of the current prescriptive approach. While the Shoalhaven is proactive in litter and illegal dumping control and enforcement, widespread education and moral suasion efforts would certainly help.

### **and recommendations 8.1 to 8.3**

- *Governments and retailers should support their plan to eliminate plastic shopping bags by the end of 2008 by transparent cost–benefit analysis.*
- *Greenhouse gas externalities should not be addressed through landfill regulation or levies.*
- *Australian Governments should increase the level of public awareness about different waste disposal options, including energy from waste.*

**Shoalhaven Comment** –General agreement with most of the recommendations.

### **Market-based instruments (Draft Findings 9.1 to 9.3)**

- Vary charges for household waste collection with the amount of waste collected.
- Container deposit legislation is unlikely to be the most cost-effective mechanism for achieving its stated objectives. Kerbside recycling is a cheaper option for recovering resources.
- Tradeable property rights can be useful means of achieving targets cost-effectively but it is currently not clear what purpose they would serve.
- *The Commission seeks further information from inquiry participants on the extent to which local government legislation limits the ability to implement variable charging systems.*

**Shoalhaven Comment** – Shoalhaven have a differential pricing system which provides a financial incentive for waste minimisation, and it complies with the NSW Local Government Act.

### **and recommendation 9.1**

- *Governments should discontinue the current practice of using landfill levies since:*
  - *pursuing objectives, such as arbitrary landfill diversion targets and revenue generation, to fund waste policies, will lead to inefficient outcomes;*
  - *the external costs of a compliant landfill are small and levies are a poor instrument for directly targeting those externalities; and*
  - *the objective of reducing greenhouse gas externalities should be addressed within a broad national response to greenhouse gas abatement, not through landfill regulation or levies.*

**Shoalhaven Comment** – Partially support the recommendations concerning the levy (first bullet point), but feel that better (transparent) administration of the levy and its return to support recycling is a preferred option. Container deposit–refund schemes would improve litter control and can be operated in tandem with kerbside recycling to provide a significant recycling benefit with high grade sorted recycle.

### **Extended producer responsibility and product stewardship (Draft Finding 10.1) and recommendations 10.1 and 10.2**

- Mandatory product stewardship and extended producer responsibility schemes are unlikely to deliver a net benefit unless the material is hazardous, there are only a few long term parties to effect the requirements and compliance can be readily measured and enforced. The Commission is not convinced that many of the products currently being targeted by governments satisfy all of these requirements.

- *The terms of reference for the 2008 review of the NPC should be expanded, to consider all relevant evidence of a net benefit to the community.*
- *Product stewardship schemes for computers, televisions and tyres should not be introduced without robust evidence that there would be a net benefit for the community and other policy options would not deliver a greater net benefit.*

**Shoalhaven Comment** – Council considers the claims to be valid. However, delaying the application of product stewardship to a product, in particular to a hazardous material (for example asbestos), results in the landfill being the ineffective end of pipe solution for that product. The risk and liability is passed onto the landfill operator, with little opportunity to influence the upstream management of the product.

### **Government information provision and procurement practices (Draft Findings 11.1 and 11.2)**

- Provision of waste exchange services by governments is not warranted and should be left to private markets.
- Using government procurement practices as demonstration or to assist the development of markets for recovered materials is an indirect and relatively ineffective way of pursuing those waste policy objectives.

**Shoalhaven Comment** – Disagree. As a significant purchaser of materials, government procurement can provide a sufficiently high scale required for recycled materials to compete economically with a virgin product that already has a significant market share.

### **Institutional and regulatory impediments to waste management (Draft Recommendations 12.1 and 12.4)**

- *State Governments should ensure that local government operated landfills comply with licence conditions and charge the full costs of waste disposal.*
- *State Governments should consider shifting waste management responsibility in large urban centres from local government to regional bodies.*
- *State environmental regulators should review unnecessary regulatory requirements of by-product materials where the materials can be safely reused or recycled.*
- *Governments responsible for specifying the use of materials for products should review product standards that frustrate the use of recycled products with a view to replacing them with performance-based equivalents.*

**Shoalhaven Comment** – In response to the first bullet point recommendation, the Shoalhaven does fully comply and could arguably have one of the best run landfills in Australia, so the implications in the statement are incorrect. Regionalising waste management needs to be considered for each option and not become a blanket policy which will not work with the Shoalhaven's geography. We agree with the last two bullet point recommendations.

### **Performance measurement (Draft Findings 13.1 to 13.3 and recommendation 13.1)**

- Performance indicators of the amounts of waste being disposed to landfill or recovered have limited value.
- Indicators relating to compliance with license conditions at landfill sites will reveal the extent of externalities and whether further policy response is needed.

- Indicators of cost effectiveness can have a role to play in measuring the cost of achieving social and environmental objectives in waste management, and in benchmarking performances of local governments in providing kerbside collection services.
- *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.*
- *Government-funded data collection on waste management should focus only on the data needed to address important policy issues such as those identified in this report.*

***Shoalhaven Comment*** - agree

If you need further information about this matter, please contact David Hojem, City Services Group on (02) 4429 3406. Please quote Council's reference 4230-02.

Yours faithfully

**David Hojem**  
**Waste Services Manager**