



**AUSTRALASIAN PAPER INDUSTRY ASSOCIATION**

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**Productivity Commission Inquiry into  
Waste Generation & Resource Efficiency**

**Comments on Draft Report**

**By**

**Australasian Paper Industry Association**

**July 2006**

The Secretary  
Productivity Commission  
Locked Bag 2, Collins Street East  
Melbourne, Vic 8003

Dear Sir,

### **Inquiry Into Waste Generation and Resource Efficiency: Comments on Draft Report**

This submission is being put forward on behalf of the Australasian Paper Industry Association Limited (APIA).

#### **About APIA**

APIA was established 15 February 2006 after extensive consultations between the Independent Paper Group (IPG) and the National Paper Council (NPC) to amalgamate and form APIA. The new body now comprises some thirty-one senior executives of paper importers, overseas mill agents, the local paper producer and major paper distributors and merchants supplying the overwhelming majority of papers, including office papers, to the Australian paper markets, including the printing and paper converting industries, as well as consumers, through various wholesalers and retailers. A list of current members of APIA is attached at Attachment A.

#### **Concerns Regarding EPR For Office Paper Waste**

An earlier submission was not put to the Commission due to the APIA formation process and some divergence of opinion on the manner in which the paper industry as a whole should respond to the NSW Government's push for office paper waste to be included in its Extended Producer Responsibility program. In this regard, some members of APIA had concerns regarding the costs and benefits of an EPR for waste paper. Nevertheless, APIA agreed to join the recently formed Paper Round (Printing and Writing Papers Stewardship Association) comprising major local producers, importers, distributors and printers, to examine the issue of reducing the amount of office paper going to landfill, as required in the NSW Government's Extended Producer Responsibility Priority Statement 2004.

Despite APIA's agreement to join and contribute to the funding of Paper Round, we still have concerns regarding the EPR approach for office paper waste for a number of reasons including:

- The wide disparity in the reported volumes of office waste paper allegedly going to landfill.
  - Details are outlined in APIA's letter to the NSW Minister for the Environment. Refer Attachment B.
- The understatement of the amount of office paper waste being recycled into newsprint and packaging;
- The admission in the Government's Priority Statement that "commercial arrangements may be as effective as an EPR scheme in promoting resource recovery and recycling of office

paper. This product is not toxic or hazardous; is not generally illegally dumped or littered; and is not currently the subject of significant community concern”.

- The apparent failing of the National Packaging Covenant (NPC) to achieve any real benefits for the high costs involved;
  - Any proposed EPR scheme for office paper waste would require co-regulation and therefore be similar to the NPC.

Given the above, it is difficult to understand that not only is office paper considered by the NSW Government to be a waste of concern but it has now been elevated to high priority status along with computers, televisions, NiCad batteries, used tyres, plastic bags and the like.

## **Comments on Draft Report**

Put in the above context, APIA was pleased that the Commission’s Draft Report on Waste Management addresses the major concerns of APIA members. While we are in agreement with most, if not all, of the Commissions’ draft conclusions, findings and recommendations, we find the findings and recommendations in relation to recycling of waste products and EPR/Product Stewardship Schemes most pertinent to our situation and, whether or not office paper waste is suitable for such schemes. In this regard we are in total agreement with the Commission’s draft conclusions, taken from the overview at page xxxv of the draft report:

### ***“Concluding Comments***

*Waste management policy in Australia needs to be refocused on ways in which the externalities in disposal can best be managed. Too many jurisdictions have become obsessed with waste minimisation as an end in itself. They are driving recycling to ever-higher levels, without adequately considering the costs and benefits or regional implications. The externalities of landfilling seem to have been seriously overstated, at least for a modern best practice landfill. And the benefits of additional recycling seem also to have been exaggerated. Recycling is beneficial, up to a point. But when it starts to consume more resources than it recovers, it becomes economically and environmentally unsound.*

*Product stewardship schemes and alternative waste technologies epitomise the new thrust in waste management policy, and may well have a place in a soundly developed policy framework. But if indiscriminately applied, they will drive up costs without necessarily yielding commensurate environmental and social benefits.*

*Those responsible for waste management policy would actually do more for sustainability by rejecting nostrums such as ‘recycling is good, more is better’, and adopting good policy-making principles. Policy makers and community attitudes need to be guided by open and rigorous analysis of costs, benefits and risks if waste management measures are to best serve the community.”*

Based on the above draft conclusions, the Commission makes the following draft findings and/or recommendations in relation to waste data, recycling and EPR/Product Stewardship schemes:

- 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 the data have substantial gaps and biases;
- governments should not directly or indirectly impose waste minimisation and recycling targets as part of waste management policy;

- mandatory standards for including recycled content in products are unlikely to produce net benefits for the community; and most importantly;
- mandatory product stewardship and extended producer responsibility schemes – involving either industry-government co-regulation or government regulation – tend to be costly. They are unlikely to deliver a net benefit unless:
  - there are considerable benefits to society from avoiding the products inappropriate disposal, for example because it is hazardous;
  - only a small number of parties need to be targeted to make the requirements effective, and those parties will remain in the industry over the long term, and
  - compliance with the requirements can be readily measured and enforced.

The Commission is not convinced that many of the products currently being targeted by governments – including packaging, computers, televisions and tyres – satisfy all of these requirements.

Given the many thousands of producers, importers, converters, printers and office paper wholesalers and retailers as well as building managers, waste collectors and sorters and office workers involved with the waste paper issue, it is apparent that, based on the Commission’s draft findings and recommendations, an EPR for office paper waste is unlikely to deliver a net benefit because:

- There are no real problems for society from disposal to landfill;
- Many thousands of parties would need to be targeted to make the requirements effective (co-regulation would be required for “free riders”);
- Compliance with the requirements would not be able to be readily measured and enforced.

The above criteria also apply to packaging waste and it is little wonder that the National Packaging Covenant has not been effective despite the high costs involved. APIA would not like to see the office paper waste issue move in the same direction.

We would be pleased to elaborate further at public hearings on this issue.

Yours Sincerely,

**A. S. Wood**  
Chairman

**Non-Confidential Attachment A**

**Current List of Members**

**of**

**Australasian Paper Industry Association**

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**Non-confidential Attachment B**

**Copy of APIA Letter to  
Mr Bob Debus, NSW  
Minister for the Environment**

20<sup>th</sup> April 2006

Mr Bob Debus  
Minister for the Environment  
Level 36, Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000

**Re: MOF20898**

Dear Minister,

I refer to the letter sent to the Independent Paper Group in January. As you may recall, at that time we were undergoing a major industry association change with the proposed merger of the Independent Paper Group and the National Paper Council. I can now confirm that the change has taken place. The two groups have been merged to form the *Australasian Paper Industry Association Limited*.

The formation of this single industry association doesn't alter the fact that the fledgling group comprises many diverse interests, hence the existence of the previous two associations. It comprises companies generally competing in the marketplace. With this composition, progress on such a complex issue as EPR represents significant challenges due to the varying perspectives that exist.

At our inaugural meeting it was agreed that our group will have input into and match the funding being provided by the Printing Industries Association of Australia to support their EPR initiative. This is now in the process of finalisation.

We note that subsequent to our meeting, the 2005 – 2006 priority statement has been released which calls for submissions to be made by June 30. Our association will be making such a submission in conjunction with other interested parties, however in the meantime, there was agreement that we write to you in order to canvas some issues raised at our meeting.

Firstly, as suppliers of paper we are in agreement that our products are recyclable, renewable, biodegradable and non-toxic. Your own 2004 priority statement in relation to Office Paper reads in part:

*“Commercial arrangements may be as effective as EPR schemes in promoting resource recovery and recycling of office paper. This product is not toxic or hazardous; is not generally illegally dumped or littered; and is not currently the subject of significant community concern”.* (Page 13, 2004 Priority Statement)

With this as background it's difficult to understand how we now find ourselves on the priority list along with computers, televisions, NiCad batteries, used tyres, plastic bags and agricultural chemicals.

In our discussions we concluded that there could be only two reasons for our inclusion in the priority waste list. Firstly the widely held (but incorrect) view as expressed in the Extended Producer Responsibility Report Preliminary Consultation Program stating *“Increasing use of computers in the workplace has accelerated office paper use. Consequently, office paper is a significant waste stream that continues to grow”*.

Secondly, the consistent reporting of volume numbers that are massively inflated.

To the first point - computer usage did significantly increase the consumption of reprographic papers (copy paper). However as office printing moved predominantly to A4, it did so largely at the expense of continuous forms, which is a paper market that has all but died out completely.

In the industry, it's generally considered that A4 copy paper now makes up the bulk of paper usage and therefore waste in an office environment. Total production and imports of this grade peaked in 2001 at a total of approximately 250,000 M/T. The volume has since fluctuated as digital storage and retrieval are more widely used and the propensity to print out every arriving email lessens. The usage fluctuation is being impacted by both environmental factors and by companies simply wishing to save paper costs. It's not true that this stream is continuing to grow, and it may actually be stagnant or in decline.

Copy paper is now at around 235,000 M/T in total. This represents both home and office consumption spread around the country. Some 35,000 – 45,000 M/T of this total is now being used in the home / home office, leaving 200,000 - 210,000 M/T for office consumption throughout Australia. While a significant quantity, we can't understand how we can go from this consumption number of the predominant paper used in every office to reach the sort of figures now being seen in the 05 – 06 Priority Statement.

For NSW the Priority Statement reports that consumption of office paper (in 2003) was 620,000 M/T. Assuming, on population ratios, that NSW offices consumed 33% of the copy paper used in Australian offices, this would account for 206,600 M/T of the stated total. On this basis 413,400 M/T of "other" office paper consumption is still to be identified. We simply cannot agree that in any office, for every carton of copy paper used, there's 8 times the volume of some combination of other paper grades consumed.

Aside from the factual error, this incorrect reporting causes massive distortion to the recycling percentages. The Priority Statement Reports that there was 83,000 M/T of office paper recovered in NSW. That number looks very significant when considered in conjunction with realistic usage numbers.

As mentioned, we will be part of an industry submission as called for in the Priority Statement, in the meantime however, we wished to put these thoughts to you as a matter of concern to the members of the group.

We are, of course, happy to have discussions in relation to the above with yourself or members of your department at any time. In the meantime, we simply cannot understand our elevation to the number 1 priority list and believe the transition was made based on questionable assumptions.

Yours sincerely,

**A. S. Wood**  
Chairman