

Western Australia Waste Management Board

Response to the draft report on the Productivity Commission Inquiry into Waste Generation and Resource Efficiency 2006

Introduction

The draft report on Waste Generation and Resource Efficiency consists of a discussion on a wide range of themes within the overall topic of “waste management”. The Productivity Commission is to be congratulated on its attempt to incorporate such a breadth of complex issues into this relatively short inquiry. However, it is disappointing that the Productivity Commission appears to have strayed from the original terms of reference, which clearly focussed on resource recovery and efficiency of resource use.

Although the report does not cover what was expected, it does explore some of the issues relevant to the WA Waste Management Board. This submission presents the Board’s views on a select number of the findings and recommendations in the draft report.

Externalities of landfills and waste disposal

There are a number of concerns regarding the attempt by the Productivity Commission to cost the externalities associated with landfills.

Assuming that a dollar value can be assigned to the environmental and social costs of landfilling, it appears that the Productivity Commission has taken the assertions and assumptions of landfill operators at face value, and discounted the concerns of environmental regulators and community groups. This has resulted in a significant underestimation of the possible impacts of landfills and, subsequently, their environmental and social cost, if not economic cost. For example, it appears that it has been assumed that landfill gas extraction systems capture the vast majority of landfill gas and then reduce its impact to nothing. This is untrue. The landfill gas capture rate over the life of a landfill has been estimated at around 19%. Further, flaring of landfill gas converts methane to carbon dioxide, thus reducing its climate change potential, but not eliminating it. In assuming that landfills can and do operate at some theoretical “best practice” benchmark, the Productivity Commission has been unrealistic.

Assuming impacts could be accurately evaluated, assigning a cost value to environmental and social losses is virtually impossible. While the discussion in Appendix B is an interesting economic exercise, it neglects the practicalities of dealing with the concerns of affected communities. In particular, any perceived health impacts generally generate substantial community anxiety. The difficulty in applying this type of costing is exacerbated by the fact that people living a long distance from a potential landfill site may place very little value on the environmental and social losses, but those living close by will place a very high value on the same potential loss. Further, any public document that attempts to place a value on human life is unlikely to be well received by the community.

The Productivity Commission states that community concern is given too great a weighting in government policy decisions. The WA government is committed to serving its community – governments are elected to implement policies on behalf of the community. Waste and recycling generates a considerable amount of community interest. To assert that this should be given much less weighting, which seems to be implied, is unrealistic.

Upstream externalities

The draft report recommends that those departments within government nominally charged with developing “waste policy” should not be concerned with whole of product life issues or upstream externalities. The Waste Management Board has a number of concerns over this finding.

Firstly, the Productivity Commission does not recommend how upstream externalities should be addressed and who is best placed to do that. One reason it has fallen to “waste policy” areas is that the issues are not being adequately addressed elsewhere.

The label “waste policy” may be misleading for some instruments. For example, Extended Producer Responsibility is an upstream policy, addressing the environmental impacts of the production, as well as the disposal, of a product.

The fact that upstream policies are being dealt with by environment agencies reflects the development of Sustainability organisations, rather than purely regulatory organisations that focus on acute pollution. The Productivity Commission appears not to have grasped this trend in environmental management. In particular, there appears to be an assumption that governments only focus on upstream issues, and neglect waste disposal management. This is not true. This perception may have resulted from governments responding to the original terms of reference, which would have fallen to those parts of government dealing with upstream issues rather than regulation of landfills.

Waste Hierarchy

The Productivity Commission appears to assume that governments apply the Waste Hierarchy blindly, even dogmatically. This is not true. The waste hierarchy is a useful decision making and communication tool, which is how it is used.

Targets

As with the waste hierarchy, the Productivity Commission appears to have misunderstood the role of setting targets. Targets set a goal to be aimed for and are a useful communication and motivational tool.

Business and industry are generally opposed to the setting of recycling and waste minimisation targets. However, business targets are set, mostly arbitrarily, for a wide range of performance indicators including sales, share price, production. It appears inconsistent, therefore, to argue that targets should not be set for environmental performance.

Plastic bags and litter management

There is a strong wish by the community for governments to take a leadership role over plastic bags. While a range of options is being explored, it appears that some government intervention may be necessary.

While the WA government generally favours a regulatory approach, this is not the only approach that would be taken. State and local governments in Western Australia, as in other States, allocate significant resources for litter prevention and enforcement. This is set to increase in Western Australia with the implementation of the Litter Prevention Strategy for Western Australia.

Landfill compliance and enforcement

The WA Waste Management Board agrees that, generally, landfill environmental standards require improvement, particularly in rural areas. The difficulty in enforcing compliance with regulations and licence conditions for a large number of landfills over a large geographical area is a driver for replacing landfills with alternatives that are inherently less polluting.

Landfill levy

The landfill levy is a relatively effective, straightforward and low cost way of raising the revenue necessary to fund waste-related initiatives, such as regionalisation of infrastructure, litter prevention, education, enforcement etc. The cost to a typical household is \$6-10 per year. In the draft report, the Productivity Commission recommends that governments increase expensive activities, such as education and enforcement, but rejects the idea of raising revenue to fund these measures or seeking to have industry fund them.

Extended Producer Responsibility (EPR)

The Productivity Commission appears to have misunderstood the philosophy behind EPR in its haste to criticise the schemes that have been conducted under the EPR/Product Stewardship umbrella. The greatest potential of EPR and Product Stewardship lies in improvement of product design and manufacture. The WA government is committed to the principle of EPR, and is looking forward to working with businesses to achieve a combined goal of improved environmental and social performance.

Conclusion

The Productivity Commission draft report on Waste Management provides a comprehensive overview of current waste management and resource efficiency issues in Australia. However if implemented it would mean more landfill and less recycling. The Report fails to elaborate on just how this would provide net benefits to the community or contribute to a sustainable future for Australia.

While the report does make a number of salient and valid points, overall the very narrow view taken of economic efficiency and net social benefits means that the significant environmental and social aspects of “waste management” are ignored. The draft report provides an interesting stimulus for debate, but provides little realistic or practical guidance for government environmental policy makers.