

MASTER BUILDERS ASSOCIATION OF VICTORIA



**SUBMISSION TO THE PRODUCTIVITY COMMISSION
DRAFT REPORT INTO WASTE MANAGEMENT IN AUSTRALIA**

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Submission to the Productivity Commission draft report into waste management in Australia – July 2006

1. Summary

Victoria's Master Builders Association believes the Productivity Commission's draft report into waste and recycling management has overlooked the building and construction industry's role in reducing the amount of waste sent to landfill.

With the building and construction industry a major contributor to waste in Australia (approximately 42%) and also recycling (52% according to the Australia Productivity Commission 2006:17&22), it was quite concerning to see the lack of analysis on improving recycling rates for this particular industry.

The three central areas the Master Builders Association of Victoria believes the Productivity Commission should address in its final report are:

- how increased financial assistance from the government to waste transfer sites could aid in improving recycling rates;
- how the industry could better sort waste into useable materials when developers take responsibility for waste management;
- key waste management methods that improve best practice throughout the industry; and
- ideal locations for waste transfer stations and the impact of proximity to areas of high building activity.

2. Background

The Master Builders Association of Victoria made a submission to the Productivity Commission on waste generation and resource efficiency in February 2006, that specifically addressed a number of waste management issues within the building and construction industry.

Waste management issues outlined in our submission included an emphasis on the need to raise industry awareness of how site practice can reduce waste and how a market based voluntary approach is more likely to produce more efficient and less costly outcomes.

The Productivity Commission report failed to address issues raised in our initial submission. Furthermore, there are a number of recent concerns that

have emerged within the building and construction industry that Master Builders believe the Commission needs to address.

3. Issues for the Productivity Commission to address in the final report

3.1 Increased funding from government to waste infrastructure

Increased financial assistance to waste transfer stations that improve ease of recycling, plays a critical role. For example, in 1993 there was approximately 1.3million tonnes of solid waste recycled, however with increased funding by Victoria's Department of Sustainability and Environment, this figure has now increased to 4.4 million tonnes (Hyder Consulting 2006:18). During this period funding increased from approximately \$650,000 during 1996-7, compared to \$3.5 million in 2004-05 (Sustainability Victoria 2006).

As outlined in the Productivity Commission's Draft Report, reasons for increases in recycling rates include homes having greater access to kerbside recycling, higher commodity prices for many recovered materials and higher landfill levies that have forced many in the construction sector to find alternative treatments for their waste. However the report failed to identify specific programs or make reference to funding to improve recycling rates at transfer stations.

The following grants are examples of worthwhile funding initiatives undertaken by the Victorian Department of Sustainability. Anecdotal evidence gathered by the Master Builders suggest grants improved ease of recycling for members visiting these types of facilities:

Boroondara City Council - \$350,000

The funding improved the City of Boroondara's waste transfer station by increasing operational efficiency through segregation of the recycling and transfer station operations.

Bayside City Council - \$39,000

This funding was used to upgrade the resource recovery facilities & to construct a pit for material deposits.

Melton Shire Council - \$190,000

This funding allowed for a new Transfer Station to be constructed on Ferris Road, Melton. This station had vastly improved self-sort facilities.

Wyndham City Council (\$138,000 + \$455,000)

The construction of a waste handling & resource recovery centre in Werribee as well as the major redevelopment and upgrading of the West Road Refuse Disposal Facility

Wodonga Rural City Council - \$300,000

Funding allowed for the construction of a transfer station/resource recovery facility in Kane Road (Sustainability Victoria 2006)

Along with the suggestion that recycling rates have improved due to increased commodity prices and increased land fill costs, additional funding for infrastructure has been identified as a strong contributor to increased recycling rates. Making it easier for builders, sub-contractors, employees and contractors to self-sort waste products at transfer stations is an obvious step forward.

This is useful for smaller businesses, and in particular smaller building jobs typically in established suburban or regional areas. In the case of new home construction or commercial development these types of facilities would have little impact on recycling rates due to the volume of waste produced. In these instances specialist contractors are used to remove waste.

The Productivity Commission should conduct an analysis of exactly how an increase in programs of this nature could continue to improve recycling rates for the building industry.

3.2 Developers leading the way in waste management

The volume of waste produced in the construction of new homes, or in commercial development, leads to the contracting of professional waste removal specialists.

One method of encouraging builders to improve recycling rates is focussing the responsibility of waste disposal away from builders on greenfield and larger infill developments – placing it the hands of developers. This can lead to a reduction in cost due to economies of scale, and in turn lift recycling rates.

By increasing the scope of collection, recyclable materials can also be collected in greater volumes, leading to an increase in amount of useful materials collected. This could lead to greater interest from the materials recycling industry.

An example of this method is in use is that of the VicUrban Aurora Estate that is currently under development in Epping, Melbourne (VicUrban 2006).

In this instance, the developer reached an agreement with waste disposal company Alex Fraser. Alex Fraser provides bins as required. Once the bin is filled Alex Fraser transports it to sorting facility. This has led to lower costs for individual builders – competitive with other waste disposal options.

The Productivity Commission should analyse ways in which these forms of waste disposal methods benefit builders, with further attention required on implementing similar schemes across these forms of development.

3.3 Attention to industry best practice

Master Builders Association of Victoria has previously advocated for the Commission's attention be turned to analysing methods of improving industry best practice in environmental management.

As the *Productivity Commission Draft Report* (2006:308) stated "there has been little rigorous analysis of the options for waste disposal and recycling", it is pivotal this occurs for the final report.

Methods to improve industry best practice can be analysed through on site processes. For example one Master Builder, who contacted the association with a submission, asks plasterers to place off cuts of plaster into wall cavities. In trialling this method he claims to have dramatically reduced the amount of waste being sent to landfill and helped reduce the costs involved in waste disposal.

Such initiatives must be identified and discussed in the final report as there is no doubt improving on site practice benefits both the builder and the environment.

3.4 Locations of landfill stations & potential cost savings

The Master Builders Association of Victoria believes recycling as much building material as possible should be encouraged. Although as some materials cannot be recycled, it is essential landfill sites are located in the closest locations possible.

With the majority of building work occurring in Metropolitan Melbourne, 6,015 building permits approved compared to 3,306 for rural Victoria as of May (Building Commission 2006), it is essential that landfill and waste transfer stations are located within reasonable distance to areas of high building activity.

The only reference that relates to landfill locations in the draft report is that of 'landfill sitting' which involved a discussion on environmental conditions when selecting a site (Productivity Commission 2006:146). Despite importance of this issue, the draft report failed to address travelling distances involved.

The Productivity Commission (2006:100) states Australia is running out of suitable landfill space, there is an increased need for research and identification of locations closer to metropolitan Melbourne.

Concerns have emerged amongst metro based Master Builder members as to the ever-increasing cost associated with travel in order to dispose of waste.

The Productivity Commission has acknowledged an abundance of landfill space, however failed to discuss or analyse the location of landfill sites and how these locations could impact on costs to the building industry.

Master Builders calls for further research to be undertaken on cost benefit analysis on building industry recycling and affordability of housing. The

association estimates waste disposal contributes between \$2000 and \$3000 to the cost of a new home, excluding the labour associated with its removal. Anecdotal evidence suggests on site collection of co-mingled recyclable materials, followed by off site sorting, could be entirely paid for by revenue from recovered materials. This is similar to the model used in kerbside recycling in deals between local government and companies such as Visy Recycling.

Implementation of such a system could dramatically reduce the work load of builders, reduce waste disposal costs currently passed on to consumers and increase the rates of recycling from construction sites.

4. Recommendations

- The Productivity Commission address the following issues in the final report;
 - **4.1** analysing how funding increases such as those listed, aid in increasing recycling rates within the building and construction industry;
 - **4.2** analyse the impact of developers taking responsibility for collecting waste from building works in large subdivisions (using the VicUrban Aurora development as a primary example of how the removal of responsibility for waste management to the developer);
 - **4.3** analysis be undertaken into where landfill sites should be located, in order to decrease transport costs – with future landfill and waste transfer sites to be located within metropolitan Melbourne;
 - **4.4** greater emphasis placed on improving industry waste management best practice, seeing as the building sector is the biggest contributor to waste, and an industry that has been quick to adopt recycling practises; and
 - **4.5** investigate industry assistance for a program of co-mingled recyclable material collection from building sites.

5. References

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