

17 February 2006

Mr Philip Weickhardt
Presiding Commissioner
Waste Generation & Resource Efficiency Inquiry
Productivity Commission
Locked Bag 2
Collins Street East
MELBOURNE VIC 8003

Dear Mr Belin

Inquiry into waste generation and resource efficiency

ALGA welcomes the opportunity to provide a submission to the Productivity Commission's inquiry into waste generation and resource efficiency. The establishment, management and rehabilitation of landfill sites and recycling activities are critical local government activities.

ALGA is the national body representing local government, of which there are 673 across the country. ALGA is a federation of state and territory local government associations. This ALGA submission addresses the following elements of the terms of reference:

1. What are the economic, environmental and social costs and benefits of waste and waste-related activities?
2. What are the market failures (including externalities) associated with the generation and disposal of waste?
3. What strategies should be adopted by government and industry to improve economic, environmental and social outcomes in regard to waste and its management?

This submission provides a broad outline of some of the key issues concerning local government. Submissions from the state local government associations will provide more detail.

The types of waste

This inquiry aims to define the key sources of hazardous waste. Many of the products that end up as landfill can excrete hazardous materials, resulting in contamination of soil and water, air pollution and other environmental issues.

Incorrect sorting of materials by households places significant cost on processors of recyclable materials and can greatly impact on processors ability to undertake resource recovery. This problem is unlikely to improve as there is no incentive for manufacturers to assist councils to educate their community or to assist in sorting products.

Composition of packaging products

It may be possible to increase recycling and recovery rates by more appropriate and prominent labelling of packaging products. Clear labelling may increase consumers ability to choose products that reduce the amount of waste going to landfill. Education of consumers in the area of plastic bag use had a significant impact on consumer behaviour, clear labelling may have a similar impact.

There has been a recent trend to add non recyclable elements to otherwise recyclable packaging, resulting in the entire product being placed in landfill rather than being recycled. Packaging manufacturers should be encouraged to develop products that can be recycled and to stop cross contamination during manufacture. A simple example is using paper labels on plastic bottles.

Data

There is a lack of useful, reliable and consistent data in regards to waste generation, consumption and reuse/recycling. It is therefore difficult to undertake sound decision making and policy formulation. Improved data collection and interoperability is essential if current market failures are to be addressed. Data may be expensive to collect, but it is very difficult to formulate policy responses to reduce the amount of waste generated with large data gaps.

More accurate data on the breakdown on the types of products going to landfill can assist in developing strategies to reduce waste. Likewise, reliable consumption data is not available, making it difficult to develop recovery strategies.

Arguments for government intervention

There are a number of arguments for government intervention, particularly in relation to the actual cost of disposing of materials in landfill and recycling waste, the cost of virgin materials and consumer information gaps.

- Actual cost of landfill operations

The actual current and long term costs of landfill operations are often understated. The long term price of land may not be considered, the social costs of landfill operations (or the alternatives) are not factored in and the long term management costs may be underestimated, including the management of closed landfill sites.

The cost to councils of complying with environment protection requirements can be large. There is also a high cost to developing alternative technologies, such as engineering solutions, to reduce landfill loads.

- Lack of full costing of virgin materials

The real cost, taking into account environmental and social costs, of virgin materials is not used when comparing the cost of recycled materials. As a result, it often appears cheaper to buy virgin inputs. Full costing or incentives are required to increase the competitiveness of products made from recycled materials.

- Consumer information gap

Local governments feel the force of community anger against unpopular waste policies, such as the installation of recycling facilities or landfill sites. Community outrage may be a result of the lack of information on waste issues and alternatives.

Consumers generally do not link their own consumption activities with waste generation or how that waste needs to be managed, such as through landfill operations. Local governments need assistance from industry and other governments to fill this information gap and to get the community to take some ownership of the problem and reduce their waste output.

Externalities

Solid waste can produce hazardous substances, such as heavy metals, which in turn contaminate the surrounding aquatic and terrestrial ecosystems. This can lead to health and environmental problems. Other externalities include adverse impact on nearby residents from litter and air pollution and the production of greenhouse gases. Landfill sites also consume valuable open space, generate increased litter around the site from dumping of rubbish and loss of rubbish in transit.

- Who bears the cost compared to who generates the problem

There is inequity in regards to who bears the cost of managing waste compared to who produces it. There is currently no satisfactory financial linkage between domestic waste generation and domestic waste services. A flat rate on all ratepayers is not an efficient means of paying for waste management. Residents can use as much or as little of their disposal capacity as they wish and will pay exactly the same amount. There are few signals to get consumers to change their behaviour, yet there are few alternatives available. Rather, effort needs to be put into charging consumers when they purchase waste products.

The production and management of hazardous materials is also a concern. The suppliers of potentially hazardous materials, both present and past, have paid nothing for the inevitable expense associated with managing waste

products. This both inflates sales of these products and leaves disposal and management options under-funded.

Policy options

There are a number of policy options available to governments. They include recycling initiatives, a co-regulatory framework similar to the national packaging covenant, pricing and taxation measures, extended producer responsibility frameworks, regulation of landfill and waste management sites and initiatives to reduce litter.

Initiatives that encourage better labelling of packaging products and educate the community should be encouraged. Other spheres of government could provide incentives to increase recycling and the use of recycled goods, such as through a GST moratorium to recycling companies and those using recycled goods to encourage the uptake of such practices.

I reiterate that this submission is a broad outline of some key points and that further detail will be provided by the state local government associations. Thank you for the opportunity to provide this submission and I look forward to discussing these issues with you at the Canberra hearing.

Yours sincerely

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