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Commissioner Weickhardt

Waste Generation and Resource Efficiency  
Inquiry  
Productivity Commission  
LB2 Collins St East  
Melbourne Vic 8003

19<sup>th</sup> June 2006

Dear Commissioner Weickhardt

SITA Environmental Solutions is one of Australia's leading recycling and waste management companies.

With more than 43,000 commercial customers we are one of the largest providers of recycling and waste services to the commercial sector of the Australian economy. SITA also operates 4 landfills and as such is able to assess the implications of the PC report from a number of perspectives.

On behalf of SITA I would like to respond to your draft report and the issues you raise in it.

In summary SITA agrees with some sections of your report but has difficulty with the working assumption that resource efficiency can be equated to economic efficiency and as such resource depletion need not be considered in any great detail. That seems to miss the point of the terms of reference.

The UK Cabinet Office report 2001 into Resource Productivity, with very similar terms of reference, came to very different conclusions about the need for resource recovery and recycling as a key component of resource efficiency. SITA recommends the report to the PC in preparing the final report.

As your report quite rightly points out sustainability and resource efficiency are intimately linked.

In this regard SITA believes the Australian community is seeking optimal levels of recycling and resource recovery from the waste stream, recognising economic fundamentals and laws of diminishing returns.

With recycling levels hovering between 35% and 60% for most commodities it is reasonable to assert that there is significant further potential for cost effective recycling activities.

SITA would hope that your final report would look closely at the issues of resource depletion and the externalities associated with resource consumption and usage throughout the materials life and supply chain.

Only when all of the costs and benefits are taken into account can the true benefits of resource recovery be accounted and a fair comparison of landfill, incineration and resource recovery be undertaken.

Please find attached SITA's response to your draft report.

Yours sincerely

Philippe Maillard  
Managing Director

# Productivity Commission

## Waste Generation and Resource Efficiency

### General responses:

SITA welcomes the Productivity Commission (PC) Inquiry Draft report and agrees with a number of recommendations. However SITA has considerable concern with the broad thrust of the report and the implications its implementation would have on resource efficiency, sustainability and the economy more broadly.

SITA's primary concern relates to the working definition the PC has adopted for resource efficiency suggesting that achieving economic efficiency is the same as resource efficiency such that "the returns to all resources, not just raw materials should be maximised".

SITA believes this definition has severely curtailed the terms of reference of the PC report and diverted attention away from the key issues of resource productivity and its contribution to sustainability.

SITA refers the PC to the terms of reference of the Performance and Innovation Unit of the UK Cabinet Office 2001 report which was set up by the Prime Minister Tony Blair to investigate a similar question - specifically the relationship between resource consumption and sustainability.

The forward by the Prime Minister stated "*investigate how the Government could help to shift our economy onto a more sustainable footing – how we could increase resource productivity, producing more goods and services with fewer inputs of materials and energy, and with less pollution and waste*".

The report "*clearly shows that greater resource productivity could offer significant benefits not only to the environment but also to business. The PIU argues that new methods that make use of fewer resources and minimise waste point the way to a more sustainable economy in the future*".

The UK report was written in 2001. Its findings are highly significant in pointing out some of the shortcomings of the PC draft report and are instructive in relation to the areas which should be picked up in the final PC report.

The next section outlines the key findings of the UK Cabinet Office report as they relate to the terms of reference of the Productivity Commission inquiry.

The Performance and Innovation Unit of the UK Cabinet Office found:

- *Resource productivity measures the efficiency of the economy in generating output without using up natural resources – including the resource provided by the capacity of the environment to absorb our waste and pollution. (A clear distinction from the PC definition of resource efficiency)*
- *Action to improve resource productivity can help to meet economic and environmental objectives at the same time.*
- *Improving resource productivity will make less binding the constraints on growth imposed by environmental limits such as climate change, as well as helping the economy become more efficient and improving quality of life*
- *But as volumes of waste and pollution increase, we are approaching some environmental limits in terms of the degree of environmental degradation that can be endured. Some commentators have suggested that the world should be aiming for double output while halving natural resource use, though this requires further investigation. (This is a key element of the PC terms of reference which should be taken up in the final report).*
- *Where natural resources are important inputs to economic activity, improving resource productivity will have a key role in cutting costs, improving overall productivity and reducing waste and pollution*
- *Waste policy is arguably the next biggest environmental challenge facing the UK after climate change.*
- *Generation and disposal of waste is closely linked to resource productivity.*
- *Action to cut down on waste generation will centre on the delivery of resource productivity improvements, by getting more from less.*
- *If recycling and composting can provide alternatives to landfill as a means of waste disposal, they will not only cut down on the adverse environmental impacts associated with landfill sites, but will also mean that secondary materials are used instead of finite primary materials.*
- *However progress to date has been limited. This is mainly because landfill, despite the landfill tax, remains a relatively low-priced and accessible option.*

- *The landfill tax was set at a level to internalise external costs (estimated at 3-4 pounds per tonne) but it appears that significantly higher levels would be required to stimulate any particular behavioural change.*
- *The environmental benefits of recycling are not captured and there appear to be barriers and market failures in creating sufficient markets for recycled materials compared with other waste treatment options, limiting the opportunities for business participation. (Contrary to the PC finding that there are no other uncaptured environmental benefits and that these have been overestimated)*
- *Even where there are markets, prices do not reflect the external benefits of recycling which arise largely because of their displacement of primary materials.*
- *Problems need to be tackled all along the supply chain. Various instruments such as ..., producer responsibility directive, statutory recycling targets for local authorities and tradable permits for landfilling biodegradable municipal waste, as well as the landfill tax, are designed to address problems at different points in the supply chain. (Contrary to all PC findings)*
- *Overall it is important to consider how we can better optimise resource use so that the negative effects of extracting and processing materials (including impact from energy use, emissions and discharges to the atmosphere and water) can be reduced. (Contrary to the PC laissez faire approach)*
- *As well as minimising material waste in production processes, the lifetime of materials need to be maximised through switching to more durable products or better design for recovery/recycling.*
- *It is also important that there is a clear strategy for meeting long term landfill targets so that industry has the confidence to invest in alternative waste disposal and treatment options.*
- *A dynamic program of pull mechanisms and incentives is needed. This might range from extending recycling credit schemes to engaging the public/businesses more with the issues, to encourage a bottom up culture shift.*
- *The report recommends the following to achieve Resource Productivity:*
  - *Setting indicative targets for long term improvements in resource productivity and reductions in waste – and put in place as soon as possible*

- *Environmental taxation sets a clear framework for using the tax system to improve resource productivity*
- *Building on existing use of market instruments and the application of other economic instruments such as tradable permit schemes*
- *Key role for government measures to target innovation on resource productivity (and not leave it to the market)*
- *Considerable scope for Government procurement to reflect the goals of sustainable development*
- *Endorses the waste hierarchy as reducing, reusing recovery and only then disposal, with some trade offs.*

SITA is surprised that two studies with similar terms of reference could arrive at almost completely contradictory positions. SITA recommends the UK Cabinet Office study as a starting point for the production of the PC final report and particularly to addressing the full terms of reference.

## **Specific responses to recommendations:**

### **Draft finding 2.1**

**Australian waste data are collected from a range of sources. Differences in definitions and collection methods between data sets... mean that the data have substantial gaps and biases.**

Agree. SITA has had to engage private consultants to obtain longitudinal data for NSW, QLD and SA. Such data did not exist in the state EPA's in a way which was either consistent or comparable.

### **Draft finding 2.2**

**Comparisons between Australia's waste management experience – in generation, recycling and disposal and that of other countries should be made with caution.**

Agree to a point. However, failure to examine international trends in waste diversion policy, technology application and resource recovery would leave Australia isolated and possibly missing significant new market opportunities.

SITA as an international company makes regular comparisons of operational performance, regulatory profiles and waste policy development across international borders.

### **Draft finding 4.1**

**The total external costs of well located landfills that incorporate gas capture (with electricity generation) and landfill liners are likely to be less than \$5 per tonne of waste.**

The ACT government estimated externalities including environmental impacts and loss of resource value at greater than \$100 per tonne. American literature referred to the PC suggested figures higher than \$30 per tonne.

Clearly this is a key element of the PC report. SITA recommends that the PC undertake a fuller review of the literature on externalities for inclusion in the final report.

SITA believes that taking greenhouse gas effects into account, it is unlikely that externalities from landfill are as low as \$5/t.

The BDA report 2003 found the externality costs of well run landfills was \$13/t and poorly run landfills up to \$45/tonne.

SITA has particular difficulty with the assumption that up to 90% of greenhouse gas emissions can be either captured or offset (by capture and replacement of other energy sources).

The department of Environment and Heritage quotes data from EcoRecycle Victoria and the US EPA, assuming 55% gas capture, with the results being considered indicative only due to the small amount of data.

SITA believes the PC assumptions are ambitious and need to be fully validated, prior to incorporating these assumptions into policy evaluation.

#### **Draft finding 4.2**

**Modern well regulated energy from waste facilities while financially costly, would have minimal net negative environmental externalities where they displace fossil fuel used in electricity generation.**

SITA is a major incinerator provider internationally and meets very stringent environmental performance requirements.

However, SITA believes that the Australian community is considerably more willing to adopt and pay for Alternative Waste treatment technologies including composting and digestion, than it is to adopt incineration.

The recommendation of the PC for incineration seems to run counter to the rest of the paper arguing minimization of costs.

SITA believes that if costs of disposal are to rise, then the priority should be the application of AWT (composting and digestion) as the optimal treatment technology – meeting both economic, environmental and social considerations.

#### **Draft finding 4.3**

**Landfills operated to best practice standards including gas capture and electricity generation are likely to be less costly than AWT**

Whilst we agree that landfills operated to best practice standards incorporating gas capture and electricity generation are likely to be less costly than AWT, this statement ignores the fact that most (>80%) landfills do not meet this specification and are unlikely to do so.

Only a small number of large landfills servicing our major capital cities have gas capture technology.



Landfills are estimated to contribute between 4-6% of national greenhouse gas emissions. The PC recommends that greenhouse gas emissions be dealt with via a national policy. SITA agrees. But in the absence of such a policy, emissions from landfill should not be ignored.

The PC should make specific recommendations about the capture of greenhouse gas emissions from the range of landfills across Australia.

AWT meets a range of other socially driven objectives associated with resource recovery, waste minimisation and diversion of waste from landfill.

#### **Draft finding 4.4**

**The net external benefits for kerbside recycling are overestimated. That there is significant doubt that kerbside recycling will deliver net social benefits unless it is privately cost effective. It will only be privately cost effective when the true costs of resource consumption and depletion are taken into account and imbedded in the product value.**

Agree that the true costs of resource consumption and depletion need to be taken into account in the valuation of recycling. However SITA has concerns about the methodology adopted by the PC and particularly the underestimation of the values attributed to resource conservation, greenhouse gas and climate change risks and the valuation of upstream externalities.

These would need to be fully costed before definite conclusions can be made and adequate policy choices made.

#### **Draft finding 5.1**

**Upstream environmental externalities associated with waste are most appropriately addressed through directly targeted policies. Waste policies should only be used where more direct policies are not able to be used and then only if there are reasonable prospects of such intervention being effective and producing net social benefits. These circumstances are unlikely to arise.**

If such directly targeted policies (dealing with resource conservation, climate change, upstream externalities, full cost pricing etc) existed then it is a fair assumption that State EPA's would not have resorted to waste policy as a driver of social change.

In the absence of such policies they have used the available instruments.

SITA would invite the PC to make specific recommendations about the type, scope, target, objective and effect of such directly targeted policies in its final report.

#### **Draft finding 5.2**

**The most significant upstream sustainability concerns relate to environmental impacts rather than mineral resource conservation. Waste management policies are an indirect and imprecise means of addressing these issues.**

It is true that environmental impacts are a more significant issue (eg climate change, energy and water consumption, air emissions etc).

SITA agrees that well targeted policies relating to environmental impacts would be more effective and efficient means of reducing environmental impacts.

SITA recommends the PC make a specific recommendation in relation to pricing carbon and imbedding CO2 externalities into the valuation of commodities.

In the absence of specific targeted policies to deal with externalities, climate change and other environmental effects, waste policy has been used by State Governments to drive toward resource conservation and in an attempt to minimise environmental harm.

#### **Draft finding 7.1**

**Targets for waste management are virtually impossible to set at an optimal level and are almost always arbitrary. Broad targets do not account for regional differences in waste management costs, nor are they sensitive to changes in market or institutional settings. Whilst they might be argued to have some aspirational virtues, targets such as zero waste to landfill lack credibility and appear to be unachievable. More importantly, the pursuit of recovering resources at any cost can be highly inefficient and result in perverse outcomes.**

**A better approach is to address relevant market failures through other instruments, including regulation of landfill. The right incentives will then exist to guide the emergence of relevant markets for waste reduction and recovery.**

SITA agrees that Zero Waste targets are currently unachievable and will potentially distort the market as the law of diminishing returns pushes up costs.

However SITA supports the introduction of broad targets such as the NSW targets which reflect more optimal levels of recycling. If true costs of resource depletion, environmental externalities and social will, were incorporated into the price of commodities, targets would not be necessary.

SITA strongly agrees with improved and stricter regulation of landfills. The right incentives will then exist to guide the emergence of relevant markets for waste reduction and recovery. However they are not strictly regulated in most rural and regional areas of Australia. 80% or more of landfills do not meet the PC minimum standard for operation.

The report to the PC by the Department of Environment and Heritage (Australian Government) identified a range of market failures relating to:

- Failure to price externalities
- Information failure
- Natural resource subsidies, among others.

SITA recommends the PC deal more completely with all of these market failures, but most specifically the subsidies to natural resource extraction, in the final report.

#### **Draft Recommendation 7.1**

**Governments should not allow the priorities suggested by the waste hierarchy to override sound policy evaluation principles based on a net social benefits approach. All of the costs and benefits of alternative waste management options should be carefully evaluated.**

Agree. But we await the Commission's review of the resource depletion and resource efficiency aspects of the terms of reference.

#### **Draft Recommendation 7.2**

**Governments should not directly or indirectly impose waste minimisation and recycling targets as part of waste management policy.**

Disagree. In the absence of any other regulatory or policy intervention targets and waste minimization policy are the only things supporting the current recycling industry.

Withdrawal of targets would see the collapse of kerbside recycling, paper and cardboard recycling, glass, plastic, tyre, battery, fluorescent tube, green waste and most other forms of recycling.

The recycling sector employs 9000 persons directly across Australia. Withdrawal of targets would see the collapse of these jobs (many of which are low skilled jobs) having a significant effect on both employment and economic activity.

The economic effects of the recommendations and findings of the PC similarly need to be subjected to a rigorous cost benefit analysis. This has not been done.

Failure to deliver waste minimization would be an abrogation of Australia's commitments to the United Nations and the international community under Agenda 21.

#### **Draft finding 8.1**

**Mandatory standards for including recycled content in products are unlikely to produce net benefits for the community.**

Disagree. Recycling rates for office white paper for example are 11%. Unless minimum recycled content requirements are adopted or proactive purchasing pursued recycling rates are unlikely to increase.

Producing paper from extraction of virgin timber produces 74% more air pollution emissions than recycling post consumer paper (US EPA). This has a direct effect upon the community.

The difference becomes one of accounting for the cost of the air pollution (and the other upstream and downstream environmental impacts). The PC has not done this analysis.

#### **Draft Recommendation 8.1**

**Governments and retailers should not proceed with their foreshadowed plan to eliminate plastic shopping bags by the end of 2008 unless it is supported by transparent cost-benefit analysis. The analysis should clarify the problems that the ban would seek to address, the response of the community to a ban, and whether or not alternatives – such as tougher**

**anti-litter laws and means for encouraging greater community participation in controlling litter – would achieve better outcomes for the community.**

Somewhat Agree. SITA believes the plastic bag debate has diverted attention away from some of the more significant environmental policy and waste minimization issues.

However, plastic bags have become a popular focus for attention on waste minimisation and as such have a powerful educative effect.

As such SITA supports the continuation of government plans to reduce plastic bag usage.

SITA agrees that eliminating plastic bags is not possible nor socially optimal.

SITA agrees that tougher anti litter laws are necessary, along with vigorous enforcement.

However the Commission seems to have an overly optimistic view of the effectiveness of enforcement and regulation particularly in relation to improving landfill performance and the elimination of litter. State EPA's have been reluctant to pursue these causes for the last 30 years and are unlikely to change quickly. Issues of resources, evidentiary requirements and the limited value of penalties have provided disincentives for EPA's to pursue illegal operations.

These issues need to be dealt with by the PC if the recommendations to withdraw other instruments are to gain any real traction.

**Draft finding 8.2**

**Although current state and territory landfill regulations differ across jurisdictions, they generally adopt a sensible mix of performance-based and prescriptive components. Some of these components appear to produce net benefits. Others, such as mandating the installation of systems for gas recovery and material diversion, are not supported.**

Mandating installation of gas recovery and material diversion have not been widely adopted by EPA's.

The PC report does not deal substantively with Greenhouse Gas, leaving that to a yet to be established national policy process.

In the absence of such a policy framework it is entirely appropriate for State EPA's to impose minimum environmental standards on the operation of landfills including greenhouse gas capture and abatement.

SITA supports the PC advocacy for a national approach to greenhouse gas emissions management and would support stronger recommendations to the Federal Treasurer to introduce carbon pricing or some other form of market based instrument.

### **Draft finding 8.3**

#### **Compliance with landfill licence conditions in Australia appears to be relatively poor, and enforcement somewhat variable and lax.**

Agree. As a reputable operator of more than 300 landfills internationally, SITA finds it disturbing that poor performing operators can continue to flout government regulations due to poor enforcement.

The PC also makes no determination on the number of poorly run landfills nor comments on the practicality of regulating (and enforcement) to bring these landfills up to minimum levels of conformance. This is an issue which should be taken up in the final report.

The BDA report 2003 reports that a survey of MSW landfills in metropolitan areas of Perth, Adelaide, Melbourne and Brisbane was undertaken in 1997. The key results relating to environmental management of these metropolitan landfills were:

- only one third of the landfills were lined
- only half had landfill gas management
- only two thirds had leachate treatment systems

And these were metropolitan landfills. The problem is significantly worse in regional areas of Australia.

For example the NSW EPA Compliance Performance Report for Rural Waste Landfill Facilities 2002 found significant operational failings and associated impacts upon the environment.

In fact of the 30 landfills audited no less than 24 had inadequate gas controls and 22 had inadequate leachate controls. Put another way 75% had inadequate gas control and 66% had inadequate leachate control.

Therefore to posit the future of waste management in landfill technology requires the PC to investigate and recommend actions relating to the significant environmental impacts that would arise from such a policy, given the poor operating status of most landfills in Australia.

The same could be said, only worse, for the operation of most green waste composting facilities in Australia.

Lack of enforcement undermines the market and professional operators who bear a higher cost base to operate to the established environmental performance standards.

All state EPA's should strengthen their enforcement capability.

One reason SITA strongly supports waste levies is they provide a source of funding for EPA's to do exactly that.

#### **Draft recommendation 8.2**

**Greenhouse gas externalities should only be addressed within a broad national response to greenhouse gas abatement, not through landfill regulation or levies.**

Partly agree.

It is clear that the Federal Government needs to introduce a comprehensive national response to greenhouse gas emissions.

So far it has refused to do so.

It seems incongruous that the PC report is determined to ignore CO<sub>2</sub> as an issue in waste management in deference to a national policy which does not exist.

In the absence of a national policy on CO<sub>2</sub> and particularly carbon pricing, it is beholden on each industry sector to manage and reduce its CO<sub>2</sub> emissions footprint.

SITA would refer the PC to the USA Waste Management Association to examine what the waste sector in the USA has done in relation to managing its CO<sub>2</sub> emissions.

#### **Draft finding 8.4**

**Modern, efficient, well-regulated energy-from-waste facilities have proven to be a satisfactory means of disposing of some non-hazardous wastes in many advanced economies. In theory, Australian regulation does not completely preclude energy-from-waste facilities but, in practice, strong community and political opposition has, to date, prevented appropriate consideration of this disposal option.**

Agree.

**Draft Recommendation 8.3**

**Australian Governments should increase the level of public awareness about the costs and benefits of different waste disposal options, including the capture of energy from waste.**

Agree. Ensuring that all of the relevant costs and benefits are included in the analysis and that it not be a circumspect analysis for the purposes of obtaining a preordained outcome.

**Draft Finding 8.5**

**Regulation and enforcement for litter and illegal dumping are necessary but not sufficient. Measures such as education, community involvement and moral suasion make regulation more effective.**

Agree. However regulatory intervention and enforcement of existing regulations are required as a precondition to education and community campaigns. Otherwise these will become a waste of money.



## Market-based Instruments

### Draft 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 disposal of a modern, fully-compliant landfill are believed to be small, and levies are a poor instrument for directly targeting these 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.**

Do not agree.

While capturing externalities is very important waste levies have been introduced for reasons beyond simply capturing externality costs. The reasons espoused for waste levies around the world have included:

1. embodying externalities
2. driving price incentives for recycling over landfill
3. to raise funds for waste policy and infrastructure
4. to change behaviour in relation to source separation

If the debate were only about externalities then the Commission would be right in promoting levies on all those wastes which do not embody externality costs (which is most landfills in Australia). SITA would support such intervention.

BDA 2003 valued the externality costs of well run landfills at \$13/t and poorly run landfills at \$45/t, well above both of the PC valuations.

Levies are a market based instrument designed to intervene more proactively in the market to change behaviour and raise funds as form of taxation.

The NSW government has been quite open that its stated public policy position is to divert waste from landfill and to use waste levies as one instrument to achieve that public policy goal.

The UK Advisory Committee on Business and the Environment October 2001 stated that “even at £45 per tonne landfill tax costs would rise to at most only a few tenths of a percent in any sector, and for many commercial sectors it would

remain at less than one tenth of a percent.” The trend toward utilising landfill levies to incentivise industry to enter the recycling and resource recovery sector is worldwide. It is widely recognized that the overabundance of cheap landfills positively discriminates against recycling and leads to significantly higher rates of landfill disposal. Most international jurisdictions are moving in the opposite direction to the recommendations of the PC.

The PC has also pointedly not analysed or documented the implications of a withdrawal of targets on the waste industry and resource recovery in particular. The removal of targets and the existing waste levies would dramatically undercut existing resource recovery operations and see the likely collapse of large sections of the recycling and resource recovery industry.

In particular the following recovery sectors would probably not be able to compete with abundant and relatively cheap landfill:

- Kerbside recycling
- Green Waste recycling and composting
- Commercial office recycling
- C+I MRF operations
- Municipal MRF operations
- Electronics recycling
- Plastic recycling
- Timber recycling
- C+D recycling

The economic costs and benefits of withdrawing targets and levies upon the existing industry must be considered in any objective evaluation of the merits of targets.

Wright Corporate Strategy (Skills Audit 2006) recently estimated the industry employed 18,000 people. More than half of those work in the recycling and resource recovery sectors. The scrapping of waste minimisation policies, targets and levies could see the loss of many thousands of jobs, possibly up to 9000 in total.

The economic, environmental and social costs and benefits of the PC recommendations need to be clearly considered and articulated by the PC.

In the absence of any national greenhouse gas strategy or carbon price it is perfectly reasonable for those state agencies charged with obligations under the constitution for environmental protection, to introduce policies to protect the environment. In this case it is to apply greenhouse gas policies to industries which have a propensity to generate emissions.

## **Draft Finding 9.1**

**Charges for household waste collection that vary with the amount of waste could promote more efficient behaviour, where they are cost effective to introduce. This will depend on the implementation costs and any consequent increase in illegal disposal. Wider adoption of simple forms of variable charges, such as charging an additional fee for a larger than standard bin would seem desirable, with more sophisticated “pay –as-you-throw” approaches adopted as and when they become feasible.**

Agree. Some local Councils have adopted volume based pricing.

The PC could explore the reasons why the Federal Department responsible for Weights and Measures has so far refused permission for weight based charging for waste disposal.

SITA and Cleanaway now have the capacity to weigh bins when they are collected from commercial premises.

With the right signals from the government new Council tenders could include options for weight based charging of residents for household municipal waste.

## **Request for Information**

**The Commission seeks further information from inquiry participants on the extent to which State and Territory local government legislation limits the ability of local governments to implement variable charging systems for collection and disposal of municipal waste.**

Refer above comments on weight based charging.

It is currently restricted by Weights and Measures. The technology has improved markedly over the past few years and is being used by Cleanaway and SITA to measure commercial waste load weights.

It is perfectly reasonable to expect that with the right approvals weight based charging would be possible in the domestic environment within 2-3 years.

Some Councils have introduced volume based charges. However, politics can get in the way.

For example the cost of servicing a 120 litre bin is not half of that of a 240 litre bin because of the fixed costs of providing the service. As such ratepayers often feel they are not getting the full discount.

### **Draft Finding 9.2**

**Deposit-refund schemes are typically costly and would only be justified for products that have a very high social cost of illegal disposal. 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, while general anti-litter programs are likely to be a more cost-effective way of pursuing litter reduction.**

SITA is yet to see a fair and balanced cost benefit analysis of kerbside versus CDL based upon an efficient level of sorting.

The SA CDL scheme has somewhat inflated costs because it sorts to brand level rather than product type. According to the Californian model this adds between 30 and 75% to the costs of CDL.

As a consequence of the gap in analysis and cost comparisons SITA is surprised the PC has been able to find so definitively one way or the other.

SITA would encourage the PC to recommend an independent review of CDL and kerbside from a purely cost/efficiency point of view, leaving out arguments around who pays.

### **Draft Finding 9.3**

**Tradeable property rights can be useful means of achieving targets cost-effectively. However, as the use of targets in waste management policy is not supported, and tradeable property rights can be costly to implement, it is currently not clear what purpose they would serve. Further consideration should be delayed until a more comprehensive body of international experience regarding their capacity to deliver a net social benefit, and a legitimate application for them, emerges.**

SITA operates facilities and services under a range of tradeable property right regimes including the UK. SITA believes they are an efficient means of delivering resource recovery and waste minimization.

SITA understands the PC view on targets (which it disagrees with) but would encourage the PC to explore further the UK LATS scheme as a targeted intervention which has begun delivering significant waste to landfill reductions.

## **Extended Producer Responsibility and Product Stewardship**

### **Draft Finding 10.1**

**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 product's 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.**

Agree with criteria 2 and 3 above and therefore believe that electronics, tyres and televisions do qualify as appropriate.

On criteria 1 for reasons espoused elsewhere in this reply SITA believes there are relevant and justifiable public policy reasons for diverting such waste from landfill, over and above its immediate hazard risks in landfills.

### **Draft Recommendation 10.1**

**The terms of reference for the scheduled 2008 review of the National Packaging Covenant should be expanded beyond an assessment of effectiveness. An independent review should consider all relevant evidence about whether the Covenant (and supporting regulation) delivers a net benefit to the community.**

Agree

#### **Draft Recommendation 10.2**

**Product stewardship schemes for computers, television and tyres should not be introduced without robust evidence that:**

- **there would be a net benefit for the community**
- **other policy options would not deliver a greater net benefit.**

**This is particularly the case if a mandatory approach – involving either industry-government co-regulation or government regulation – is being contemplated.**

Agree

## **Government Information Provision and Procurement Practices**

#### **Draft Finding 11.1**

Provision of waste exchange services by governments is not warranted and should be left to private markets.

Do not agree. There is no commercial reason why the private sector would set up such an exchange, particularly if targets and policies are to be changed in line with the PC recommendations.

#### **Draft Finding 11.2**

Using government procurement practices to create demonstration effects for the broader community and assist the development of markets for recovered materials, is an indirect and, most likely, a relatively ineffective way of pursuing those waste policy objectives.

Do not agree. Office paper recycling is at 11% nationally. A government procurement policy favoring recycled content would drive up the recovery rate.

# **Institutional and Regulatory Impediments to Waste Management**

## **Draft Recommendation 12.1**

**State and Territory Governments should ensure that all local government operated landfills comply with all relevant licence conditions and charge users the full costs of waste disposal.**

Agree. There is no justification for enforcement of licence conditions to some operators and not all. To do so creates market distortions and biases costs.

State Governments would need to intervene to require a specific form of full cost accounting for landfill operations for the latter recommendation to be adopted. SITA would recommend a 30 year post closure remediation and monitoring requirement (similar to Victoria) and that the costs of this be made via provision on the balance sheet of the operating company. The costs would also need to be reflected in the current gate price and this would need to be mandated by the State regulator.

## **Draft Recommendation 12.2**

**State and Territory Governments should consider shifting the responsibility for waste management in large urban centres from local government to appropriately constituted regional bodies.**

Agree. There is no doubt that local Councils have struggled with approvals of large scale and long term waste and resource recovery infrastructure.

### **Request for Information**

The commission seeks more information from participants on the costs and benefits of harmonising waste classification systems across jurisdictions.

Agree it should be harmonized. Definitions for landfill operation vary state to state.

SITA would recommend the PC also make recommendations in relation to the standard bin colours as recommended in the Australian Standards Board draft proposal.

## **Draft Recommendation 12.3**

**State and territory environmental regulators should undertake a review of those regulatory requirements that lead to the unnecessary regulation of by-product materials where it can be demonstrated that the materials can be safely reused or recycled.**

This should be done on a product by product basis.

#### **Draft Recommendation 12.4**

**Governments responsible for specifying the use of materials for products, including building and constructions, should review all product standards that frustrate the use of recycled products and/or call for the use of virgin materials, with a view to replacing them with performance-based equivalents where this is feasible.**

Agree

#### **Request for Information**

The Commission requests more information from participants as to whether the Basel Convention (giving due regard to the guidelines granting exemptions) is preventing the exports of recyclable goods.

Yes. But only from an administration cost point of view. SITA could recycle batteries and electronics more easily if it did not have to comply with the administrative burden of Basel.

## **Performance Measurement**

#### **Draft Finding 13.1**

Performance indicators of the amounts of waste being disposed to landfill or recovered have limited value because they do not provide any information on the costs and benefits of these options.



The amount of waste being disposed to landfill or recovered for beneficial reuse are key indicators on the delivery of the State Waste Strategies.

Whilst the PC disagrees with the Strategies per se, while ever they exist these indicators should be both measured and reported upon.

Certainly SITA would agree that the full costs and benefits of the options need to be considered in the development of the State strategies. That is an issue all state governments should take up in reviewing their state documents.

### **Draft Finding 13.2**

Indicators relating to compliance with license conditions at landfill sites may be useful in revealing the extent of externalities, and whether a further policy response is needed.

Agree. The EPA's do not report systematically on compliance with licence conditions and only some undertake ad hoc landfill audits to assess compliance. This situation is clearly inadequate.

Regulations and licence conditions should be rigorously enforced and reported upon publicly. A register of landfill compliance to PC minimum operating standards should be developed and reported upon by each EPA.

### **Draft Finding 13.3**

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.

Agree

### **Draft Recommendation 13.1**

**The Environment Protection and Heritage Council should co-ordinate the development of concise, nationally consistent, data set for waste management that would facilitate evaluation and comparison of waste management policies across jurisdictions. It should have regard to data collection practices already in use.**

**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.**

Agree but believe the policy issues should include greenhouse gas, climate change, resource depletion and resource efficiency along with the policy issues documented in the PC report.