

Your reference
Our reference : HOF69357
Contact : Tim Rogers : 8837 6060

Mr Philip Weickhardt
Presiding Commissioner
Inquiry into Waste Generation and
Resource Efficiency
Locked Bag 2, Collins Street East
MELBOURNE VIC 8003

Dear Mr Weickhardt

I have attached for your consideration, the NSW Government response to the draft report on Waste Management issued in May 2006.

Within the report the Commission sought additional information on three specific areas:

- local government charging;
- waste classification systems; and
- the Basel Convention

NSW legislation does not prevent local government implementing variable charging systems for collection and disposal of municipal waste and a number of councils have done so. The most common method adopted is by having a standard charge for the smallest residual waste bin and making larger or multiple bins available at additional cost to ratepayers.

The waste data collected by NSW is of high quality, transparent and reported publicly on a regular basis. Data is deliberately reported in an aggregated format to ensure that individual facility data cannot be identified for confidentiality reasons. The data is also structured around the regulatory framework, which limits the flexibility to adjust the data or the reporting to be consistent with all states and territories. An effort made in the 1990s, the Australian Waste Database, was not successful, and NSW would not support any similar efforts because of the degree of resources involved and the low probability of success.

Data collection efforts should instead be focussed on those areas where meaningful data can be extracted quickly and at relatively low cost. It is recognised that work is underway in a number of product sectors, for example packaging, to develop cost effective data sets that will inform an analysis of products and their environmental benefits and costs, particularly with regard to product stewardship work. These initiatives should be encouraged.

In relation to the effects of the Basel Convention, information would need to be supplied by industry participants and the Australian Government.

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The Department of Environment and Conservation gave evidence at the initial inquiry. Staff would be available to appear at the Sydney hearings if the Commission would find it useful.

Yours sincerely

LISA CORBYN
Director General

13 July 2006

NSW Government Response to Productivity Commission Draft Report: Waste Management

This submission has been prepared by the Department of Environment and Conservation (DEC), on behalf of the New South Wales Government, in response to the Productivity Commission's draft report *Waste Management*, released in May 2006.

The Commission may wish to consider DEC's previous input to the Inquiry's Terms of Reference, together with the supporting information that DEC presented at a public hearing. Rather than repeat that detail, this submission provides an overall response to the draft report.

The Commission appears to have applied an extremely narrow approach in responding to the Inquiry's Terms of Reference. The draft report opposes the basis and substance of the statutory and policy frameworks implemented by Governments to meet the community's desire to reduce waste and recover more resources from waste. The majority of the draft report's recommendations reject the current policy framework of all Australian States and Territories. In doing so, they also reject those of the majority of European nations and States in the United States of America.

Community aspirations

The draft report is out of step with community aspirations. The community clearly supports waste reduction and recycling, and has a right to demand these services from government and industry alike. The community wants to prevent the harmful impacts of waste on the environment, and to make better use of materials, so as not to deplete and pollute our forests, waters, atmosphere or stocks of non-renewable resources. The growth in recycling and resource recovery programs, particularly at the municipal level, has been predominately driven by community demands rather than the policy prescriptions of environmental agencies.

Waste externalities

The externalities of waste disposal are genuine. Waste can cause air and water pollution, land contamination and loss of land for future uses. Waste infrastructure is also a cause of concern within communities. Improving the methodology for calculating the environmental benefits and costs of waste disposal and resource recovery would be beneficial. However, rather than focusing on better approaches to measuring the impacts of waste disposal and resource recovery, the report rejects these impacts altogether.

Resource issues

Resource depletion does pose genuine challenges, and economies that use materials efficiently are more resilient. Therefore, there are sound economic bases for State Governments setting targets and sending economic signals to stimulate innovative approaches with respect to the efficient use of materials, resource recovery and waste reduction.

Resource issues are international, but currently there is no system of intergovernmental arrangements that would lead to the sustainable management of the major natural resource extractions. It is also unlikely that Australia could achieve action at the national level to adjust tax and price settings to incorporate local or overseas externalities. For these reasons, despite suggestions by the draft report, the prospect of intergovernmental arrangements successfully addressing resource issues at the extraction and emission points remains unlikely. At the same time, an inability or unwillingness to act at the Commonwealth level does not negate the need for action at the State level, and the New South Wales Government is using economic mechanisms at the disposal end as a means of achieving tangible progress on resource issues.

The draft report's dismissal of the ability of Governments, through their waste and resource recovery policies, to impact on economic outcomes ignores the growing body of research in New South Wales and other Australian jurisdictions that a waste and resource recovery focus is already delivering significant gains in resource management and efficiency. The ability for waste and resource recovery policies and frameworks to drive and deliver upstream improvements is supported by a substantial number of international examples, particularly in the European Union.

Current benefits and opportunities

The draft report does not acknowledge the economic, environmental and social benefits that have already been delivered under current policy settings by a wide range of players across Australia. These include: the exercise of product stewardship by entire industry sectors; the provision of waste and resource recovery services by local Governments; the reduction of waste and the purchase of products with sound environmental credentials via State and Territory Government policies; and the implementation of corporate sustainability and cleaner production initiatives by business and industry.

The draft report has not focussed on the opportunities for greater product stewardship nor the role of the Commonwealth taxation and import powers in dealing with "free rider" obstacles to product stewardship initiatives.

There has been increasing public pressure on industry to take more responsibility for its products once the consumer has finished with them. The draft report does not, in the main, recognise and acknowledge the contribution and achievements of some industry sectors through producer responsibility initiatives. For instance, newspaper recycling has risen from 28% at the start of 1990 to 75.4% in 2005¹.

A review of the Action Plans and Annual reports of 93 major NSW signatories under the previous National Packaging Covenant provides many examples of reduced resource use, increased efficiencies and reduced disposal costs, all of which provide economic and environmental benefits².

¹ Publishers National Environment Bureau 2005

² Previously cited in NSW WARR Progress Report (DEC 2004)

Contribution of local Councils

The draft report does not acknowledge the broad role of local councils in this area. Waste management and resource efficiency constitutes the core business of local Government and directly affects local communities. Councils have been effective in increasing municipal recycling rates in their local government area. Providing householders with a good kerbside recycling collection system has tapped a widespread desire to take action to protect the environment, and has also encouraged participation in other environmental and waste minimisation related programs.

There have recently been major improvements in waste recovery infrastructure. Many councils have improved their municipal waste management by adopting better practice in their collection systems and, in some cases, by pursuing a collaborative regional approach. Regional strategies often include regional processing arrangements, whereby a group of councils cooperatively agree to aggregate the waste and recyclable material they each collect as part of their domestic waste management service. An increasing number of these kinds of regional approaches is contributing to infrastructure improvements and consolidation, reduced environmental impacts, collection service efficiencies and savings through cost sharing, stabilised pricing and the provision of price certainty over the period of a contract, and increased processing capacity and capability.