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31 July 2009

Waste Policy Task Force  
Department of the Environment, Water, Heritage and the Arts  
GPO Box 787  
Canberra ACT 2600

Dear Task Force Leader,

### **Comments on the Draft National Waste Policy Framework Discussion Paper**

#### *Sustainability*

The Brundtland Commission defined sustainable development as development that “meets the needs of the present without compromising the ability of future generations to meet their own needs.” Since then many definitions of sustainability have been developed, but most recognise that sustainability involves the optimisation of environmental, economic and social factors. In this balancing act governments need to ensure that community needs are met with optimal use of resources, optimal environmental impact at lowest community cost.

The last factor is important because money is also a resource that is in limited supply, and the community’s financial resources are key to meeting community needs, both now and into the future.

Therefore if it is proposed that financial resources are to be used to achieve a waste reduction objective there is an onus on policy makers to ensure that this use of financial resources represents the best use of community funds. Failure to take such an approach in policy development would result in *unsustainable* outcomes.

#### *Is the proposed policy framework sustainable?*

The current discussion paper does not address sustainability issues. It appears that the policies proposed are based on simplistic assumptions relating to reducing waste to landfill and turning this material into ‘resources’ – regardless of cost and of the resources required to produce that outcome.

The paper provides some context, suggesting that it follows on from the ‘first comprehensive approach to waste set out in the National Strategy on Ecologically Sustainable Development adopted by COG in 1992 after which a national target of a 50% reduction in waste going to landfill by 2000 was set in conjunction with a number of material specific recycling targets as part of the 1992 National Waste Minimisation and Recycling Strategy.

The following should be noted in relation to the 1992 waste strategy:

- The waste reduction target set was not based on any assessment of costs and benefits. It was simply a figure plucked out of the air, following similar moves in other countries that had been influenced by the 1992 Earth Summit held in Rio de Janeiro. Whilst the outcomes of the summit did refer to a 50% waste target it referred to improving waste management practices suggesting a 50% target for improved management of waste, principally in developing countries where less than 10% of waste was being properly managed.<sup>1</sup>
- Material recycling targets for the 1990 – 1995 period, were set arbitrarily without regard to costs and benefits and then ‘negotiated’ with industry.
- There were no COAG guidelines for the development of regulations at the time, so no cost-benefit analysis was undertaken and no regulatory impact statement (RIS) was prepared.

Later a similar approach was taken to the setting of material specific targets for the 1996 – 2000 period. The refusal by some sectors of industry to accept high arbitrarily set targets led to the abandonment of this process and its eventual replacement in 1999 by the National Packaging Covenant (NPC)

The first NPC period (1999 – 2005) had no set material recovery targets on the understanding that responsibility for the achievement of any specific level of recovery could not be put on industry because local government controlled recycling collections and participating households. However an overall target of 65% recovery was set under the NPC during the current period (2006 – 2010). Again the target is an arbitrary one (based on ‘negotiation’ with stakeholders) and again it has not been backed up by a valid cost-benefit assessment.

The current policy framework document also lacks an RIS and cost-benefit assessment. It is simply assumed that diversion of waste from landfill is of itself a worthwhile activity.

Policy cannot be based on such a simplistic and unsupported assumption.

The policy document suggests that it ‘reflects the intent of all Australian governments to ensure that Australians:

- Reduce the amount of waste for disposal;
- Manage waste as a resource for better environmental, economic and community outcomes;
- Apply stewardship approaches to enhance resource recovery;
- Drive innovation in waste minimisation;

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<sup>1</sup> Agenda 21, Ch 21.. (c) By the year 1995, in industrialized countries, and by the year 2005, in developing countries, ensure that at least 50 per cent of all sewage, waste waters and solid wastes are treated or disposed of in conformity with national or international environmental and health quality guidelines;

- Dispose of necessary waste in a safe and environmentally sound manner;
- Are aware of the environmental consequences of their consumption choices.

It also suggests that ‘a suite of objectives, strategies and actions for each theme’ will be developed. If that is the case it will be necessary to ensure that each of the ‘themes’ are based on valid assumptions and that the proposed strategies and actions result in net benefit for the community.

What is the proposed process that ensures that these criteria are met?

The paper goes on to discuss ‘key points of clarification and update’ (Section 4). The comments below refer to this section:

- The section on *National Policy* makes it pretty clear that all jurisdictions, industry and the community will be expected to respond to the policy objectives in a way that will ‘require modification to business as usual frameworks and practices.’ The fact that the strategy is seen as having such an impact suggests that a proper RIS and cost-benefit assessment is necessary before the strategy is finalised and implemented.
- The *vision and scope* section suggests that the an integrated national waste policy should have ‘sufficient authority to enable states, territories and local governments and industry to act’. Again this statement suggests that the waste strategy will have significant implications for business and the community and needs to be properly assessed.
- *Targets* are proposed. The draft framework proposes targets as part of the vision. This again presupposes that diversion of waste from landfill is a net positive exercise. No evidence has been presented to support this assumption. There are obvious situations where disposal of waste to landfill is the preferred solution in both environmental and economic terms. Even in industrial processes there are optimal levels of waste for a given process i.e. where driving the process to a point where waste is eliminated is not economically or environmentally efficient (e.g. it could require too much energy to do so). Similarly in the case of recycling for ‘resource recovery’. In some cases the resources used to recover these materials exceed to resources ‘saved’. It is clear that for each material and each location there is an optimum level of recovery, beyond which further recovery does more harm than good. In some cases this level of recovery is zero. Glass in WA could be an example. It is clear therefore that an overarching national target is inappropriate. What happens to waste within each locality has to be decided on the basis of the costs and benefits.
- Under the *market arrangements* heading it is recognised that waste id currently very much an ‘end of pipe’ affair. However it is not obvious that moves to influence the supply chain on the basis of waste concerns has the waste tail wagging the supply chain dog. The issue is simply not important enough. There is also the suggestion that ‘there are currently no clear market signals to influence the creation of waste with respect to product design’. This is simply not true. The statement reflects a complete lack of understanding of the economy. Designers and manufacturers have a strong incentive to minimise material usage and hence the waste that results – the cost of the raw materials themselves and the need to be competitive in the marketplace. These are powerful signals throughout the supply chain and have resulted in significant reductions in waste arisings through process optimisation, lightweighting and reduction of product losses through the use of packaging.

- The *maximising benefit* section suggests that a National Waste Policy can help fulfil other goals. Nowhere is evidence presented for any of the claims made. Again those simplistic assumptions relating to waste reduction and recycling come through the rhetoric. There does not appear to be any understanding that the market is itself a benefit optimising mechanism, the corollary being that any interference in that market can inhibit its optimising potential. Under current and proposed waste strategies there is substantial market interference. According to the rhetoric such interference is assumed to have positive outcomes – claims made without any form of detailed analysis.
- The *Product Stewardship* comments suggest that electronic waste, tyres, batteries, CFLs, and whitegoods are all ‘priority products’ and that stewardship arrangements are ‘strongly supported through the public consultation process. We are not informed that ‘product stewardship’ of the forms promoted are in fact a tax and that, to date, with the exception of tyres, no cost-benefits assessment has been undertaken on such a tax. We are also not informed that rulings by the US EPA, arrived at after detailed assessment allow household and other small generators to dispose of products such as TVs, computers and CFLs through the normal waste collection system and regards their disposal in landfill as safe.

### *Waste perceptions and reality*

It is generally recognised that there is a wide gap between the public perception of waste issues and waste realities. However it is incumbent upon government to base policy on the reality – for policy to be ‘evidence based’ – rather than use public misperception as a basis for a populist waste agenda, as the latter approach is economically and environmentally unsustainable.

Section 5 summarises the outcomes of the public consultation process. It is not surprising that comments made reflect the current waste mythology. It is up to government to address these myths rather than use them as a basis for policy.

In particular, comments listed in Table 1 are used to provide support for a national approach to product stewardship because the ‘cost of managing problem materials is increasing and the community no longer thinks it is acceptable that they bear the cost’. Does imposing a tax reduce the cost to the community?

There does not appear to be an understanding that the cost and other e-waste related issues are simply an artefact of the proposed policy approach. These costs would disappear should the decision be made to adopt the US EPA approach to e-waste classification and allow households and small generators to dispose of these materials in landfill.

There is also a lack of understanding that the fact that the recovery of these materials is cost negative may indicate that the recovery approach is unsustainable.

In several instances the comment is made that the proposed approach results in ‘job opportunities’ when compared with the landfill alternative. This simply indicates that the proposed approach results in an increase in community cost – these jobs have to be paid for. The cost increase has to be

justified in terms of a significant improvement in environmental outcomes. There is little indication that this is the case.

### *The policy framework*

The aim of the policy should be reduced to a single objective: 'to ensure that waste disposal is done in a safe, scientific and environmentally sound manner.' Such an objective covers genuine hazardous waste concerns and minimises market interference, allowing the market to determine at what level processes should be optimised to reduce waste arisings and to what extent material should be recovered for use as a secondary resource.

The vision statement needs more work to ensure that what is proposed is sustainable.

1. *Australia will reduce the amount of waste.* No valid rationale is provided for this objective. The reality that there are strong economic forces within the supply chain to reduce material usage, forces that do not need the support of government imposed targets.
2. *Australia will reduce the amount of potentially hazardous waste produced.* A regulatory framework for the management of genuinely hazardous waste already exists and could form the basis of a nationally consistent approach.
3. *Australia manage potential waste streams as a resource to achieve better environmental outcomes and overall community benefit...* This statement includes a number of unsubstantiated assumptions. If the waste stream is a genuine source of resources, there would be interest in these resources from the commercial sector<sup>2</sup>. There would also be a case for handing the management of any resource extraction to an industry or resource department within each jurisdiction, leaving the environmental agencies the role of managing environmental risk.
4. *Access to products, services and capabilities for waste avoidance, resource recovery and waste management is available to all Australians.* All Australians should have access to safe waste disposal. Whether or not an individual community has access to recycling services should depend on the relative cost and benefit.
5. *Local stockpiling of hazardous waste is significantly reduced.* It might be appropriate to determine how these stockpiles came into existence as a means of avoiding a repeat of any inappropriate regulatory response in the future.
6. *There will be efficient and effective Australian markets for waste and recovered resources.* There are effective markets for recovered resources. For example the steel industry recycles 3 million tonnes of steel each year. However the market price for steel does not cover the cost of recovering the additional 1% (30,000 tonnes) from households which suggests that this form of recovery is unsustainable. It appear that in the case of domestic recycling the proposal is to bend the markets to the will of the waste bureaucracy rather than to adjust the household recycling system to the existing market for recovered resources.

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<sup>2</sup> Before recycling become politicised newsprint and glass bottles were collected on a commercial basis from areas where collections were viable.

7. *There will be a level playing field for Australian manufacturers, importers and consumers in terms of standards, hazardous content and labelling requirements of manufactured goods.* It is hoped that this does not mean that the department intends to replicate the EU RoHS legislation.
8. *Businesses in the manufacturing and supply chain embrace design and engineering approaches that support re-use and disassembly and minimise the environmental footprint of their product.* This statement is outside of the scope of a waste policy and strategy. Businesses need to be able to design and manufacture products that meet community needs. This suggests the having the waste 'tail' wag the product 'dog' is inappropriate.
9. *Product stewardship/extended producer responsibility is adopted by business operations and embraced by the community.....* Again, the statement appears to be based on a range of unsubstantiated assumption relating to the benefits of EPR. EPR is a tax, a tax that needs to be justified in environmental benefit terms before it is imposed.
10. *The activities of government.....facilitate waste avoidance and resource recovery.* Added to that statement should be the words 'where such activity can be shown to be truly sustainable'.

As regards the 'Key principles' the following comments apply:

1. 'International obligations' should not be used as the smokescreen for the application of waste related taxes and charges where these cannot be supported by a net community benefit.
2. The proposals put forward in this strategy document do not all comply with this statement. In several instances what is being proposed increases GHG emissions and reduces overall sustainability.
3. The 'market failure' argument should not be used to support higher levels of recycling when it is clear that these are not economically viable.
4. This statement ignores the reality that any increase in costs throughout the supply chain is transmitted to the community via an increase in price. Resource recovery programs, if sustainable, should not result in cost increases.
5. The waste hierarchy has no scientific basis and the precautionary principle is problematic – particularly in situation where it is used to avoid detailed analysis of an issue. Proper application of the intergenerational equity principal would see most household recycling schemes cancelled as the funds expended could be better applied.
6. No manufacturer is in control of the full life cycle. It is therefore appropriate to internalise any externality at each stage. Current EPR approaches suggest that the manufacturer/marketer cover the 'end of life' cost of a product. If that is the case the manufacturer/marketer should be able to dictate the way in which that product is managed at the end of life stage. If the cheapest form of management is landfill and landfill is safe, the manufacturer/marketer cannot be charged for a cost greater than the cost of landfilling the item.
7. The generation of hazardous and other waste is dictated by community product demand and by policy settings in areas other than waste.
8. Current landfill technology appears to have that issue under control for the range of currently available consumer products.

9. The statement implies tracking against a target.

10. Agreed.

Section 6.5.1 goes on to promote EPR. The statement suggesting that current waste streams contain 'high value materials' does not recognise the reality that value of these materials is not high enough to fund their recovery and that an EPR tax is needed to make up the difference. Given that the materials are not scarce, such a tax cannot be justified. The statement suggests that the 'substances ... do not readily decompose or degrade into inert compounds. The reality is that they are inert compounds.

An EPR approach for a particular type of product should not be based on 'international trends' or the need to create a market. Rather it should be based on a sound analysis of net costs and benefits.

Much is made of the 'free rider issue'. There does not appear to be an understanding of the fact that the free rider issue is an artefact of the EPR regulatory framework. No EPR means no free rider.

Section 6.5.2 puts forward the proposition that a wider range and quantity of materials can be recovered for recycling by improving the market. To date the regulatory trend has been to try to rig the market with taxes and levies in order to support a resource recovery objective. All this suggests is that the genuine market is not interested. Taxes and levies then simply add to community cost, often without a corresponding improvement in environmental outcomes.

Reading this commentary suggests that, as far as a waste policy is concerned, any non-landfill application will do....'glass concrete and tyres can be effectively used in roads ....' Such low level uses are unlikely to cover the cost of recovery which suggests that they may not be sustainable.

Section 6.5.3 seems to suggest that simply using waste as a resource improves sustainability. That is simply not a given.

Section 6.5.5 suggests the need for a labelling scheme to identify hazardous materials in goods and goes on to recommend that we 'adopt the appropriate international requirement.' There is no appropriate international requirement for labelling hazardous contents. There is an international requirement for labelling according to transport and storage hazard which Australia has already implemented.

### *Conclusions*

- The draft strategy appears to have been developed without a 'real world' focus – a reality check. An effective strategy needs to be based on a more complete understanding of the economy and the material flows in it. It needs to consider some of the following:
  - Total waste generation in Australia is some 4.6 billion tonnes, of which landfilled waste represents only a tiny proportion. The proportion made up by household

waste is even smaller. This suggests that 'rescuing' this material from landfill would have a relatively small net benefit.

- The proportion of material that ends up in landfill is a very small fraction of the material flow that supports our economy.
  - We are not short of landfill. Quarrying around our major cities generates voids at a rate ten times greater than the requirement for landfill space. We are short of forward planning for landfill capacity in some of our cities. This is a political issue.
  - Proponents of the recovery of green waste ignore the fact that there are some 400 million tonnes available for recovery in the form of forestry and agricultural residues.
  - Much of what is targeted for recovery is inert in landfill and therefore does not contribute to leachate and emissions.
  - None of the materials targeted for recovery are genuinely in short supply. This is why real markets are not interested. The 30,000 tonnes of steel recovered from households represents around 10 minutes of world steel use. Put in other words we would have to collect dog food cans from Australian households for some 150 years in order to extend the world iron ore resource by one day. In the meantime we have 19 billion tonnes of proven iron ore resources in WA.
  - The major portion of any of the materials recovered (newsprint excepted) comes from the commercial sector where recovery is driven by the market and not waste politics.
  - Collecting recyclables from households involves consolidation of material in its most dispersed form. (8 million sources). Entropy considerations would suggest that this is the least viable method of resource recovery and it is therefore not surprising that in most cases household collection is unviable.
  - It is assumed that the recovery of material for recycling enhances environmental sustainability regardless of the circumstances. This is simply not the case. Selling recycling on the basis of this simplistic belief is fraudulent.
  - Packaging technology is trending towards lighter and less energy intensive materials, which suggests that in the longer term recovery for recycling is going to be even less viable. It is also possible that recycling and the accompanying claim of recyclability supports older and more energy intensive technologies that would have been replaced by other, maybe less recyclable, materials that in a total lifecycle sense have a reduced environmental impact.
  - Delivery of news will move from newsprint to electronic means, removing newsprint from the domestic recycling stream. As newsprint provides the core of household recycling it is likely that the economics of collection will be substantially undermined.
- Neither the original 1992 strategy nor the current draft strategy has been prepared on the basis of an assessment of the net costs and benefits associated with a landfill avoidance approach. Whilst partial analysis of domestic recycling services has been undertaken, that available data falls far short of a full cost-benefit assessment.

- The current approach to waste policy has substantially increased costs to households and businesses via rates, levies, taxes and regulatory imposts. The draft strategy proposes to continue this trend, adding a new range of taxes under the guise of producer responsibility.
- The analysis presented in the discussion paper is simplistic in the extreme and is based on a number of unsupported assumptions and prevailing waste management mythology. It does not provide a sound basis for waste policy to 2020.

At the fundamental level of policy development what appears to be lacking is a valid underlying objective. Whilst it is clear that the intent is to improve environmental outcomes it is assumed that those outcomes will automatically result from reduction in waste disposals. This is overly simplistic and lacks effective targeting. Whilst there may be some improvement in outcomes as a result of some of the actions proposed, it is not clear that these will be achieved at optimal cost. A better approach would be to set broad impact reduction goals across the economy and to develop policy settings that address these. For example, if there is a genuine problem with the level of emissions to air, an air emissions reduction strategy would address that in the most cost-effective way. Waste management would only be an issue if actions within waste would address air emissions optimally. To do otherwise would impose a disproportionately high cost on the community.

Such an approach to policy development would see 'impact reduction' rather than 'waste reduction' as a goal. The current approach to policy and strategy development clearly lacks this depth of analysis.

Please contact me should you require any further detail.

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