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The Committee Manager
Standing Committee on Public Works
Parliament House
Macquarie Street
Sydney NSW 2000

Dear Committee Manager,

The NSW Branch of the Waste Management Association of Australia (WMAA) is pleased to make this submission to the Standing Committee on Public Works Inquiry into Municipal Waste Management in NSW.

The WMAA welcomes the Inquiry because informed public debate is crucial to the achievement of improvement in the municipal waste arena. In particular, we believe the Inquiry has the opportunity to instigate fundamental reform in NSW in terms of municipal waste. Namely, the WMAA believes that as a society we need to “step change” from addressing negative symptoms (eg, managing waste to minimise basic harm) to promoting positive environmental and social outcomes (eg, recovering resources to deliver sustainability).

The WMAA has considered the Inquiry’s Terms of Reference through several means, including a members’ workshop and the deliberations of its Executive Committee. Our submission takes the form of a statement of principles and an outline of solutions for improved resource recovery from the municipal sector.

This submission reflects a “modified consensus” position and thus reflects the broad points of agreement of the membership whilst recognising that certain members may not always agree on some specific points.

Background

The WMAA NSW Branch has around 350 members drawn from the full spectrum of waste management and resource recovery activities. It is the premier association for waste and resource professionals in both the operational and policy areas. Working Groups within the Branch include:

- Landfill,
- Energy from Waste,
- Compost,
- Alternative Waste Technology,
- Waste Educators,
- Strategic Planning and Implementation Group,
- Young Professionals,
- Waste Avoidance,
- Resource Recovery Industry, and others.

(It is anticipated that some of these Working Groups will also be making submissions to the Inquiry with focus on their specialist concerns. Additionally, members of the WMAA – both as companies and as individuals – are likely to make their own submissions as well.)

Members of the WMAA are involved in a broader range of activities in the municipal waste area. These include:

- Local government professionals who either directly provide or contract and manage various forms of services;
- Operators and contractors that deliver various forms of services, including collection, transportation, reprocessing, and disposal of materials;
- Companies that develop technologies associated with waste management and resource recovery;
- Both public and private sector personnel involved in education and communication about waste and resource recovery, and;
- Companies and individuals who advise both local government and contractors in the above regards.

Principles for Resource Recovery

In terms of key principles for “step change” to resource recovery, the WMAA submits the following to the Inquiry:

Principle 1: There needs to be a stronger political imperative and greater support for resource recovery from municipal waste in NSW.

At present, there is in NSW somewhat of a “performance plateau” stemming in part from the relative success of kerbside recycling in Sydney. As a society, we seem to be resting on our laurels and not sufficiently exploiting the environmental and social opportunity to extract further resources from what continues to go to landfill – more than 50% of a typical household’s total output materials beyond the paper and packaging that’s now extracted by kerbside recycling.

Society continues to ignore this “urban ore” in favour of ever more intrusive and destructive extraction from the natural environment. This is in part because our community and its political representatives are generally not aware of:

- a) the comparatively significant impact of particularly municipal waste that continues to be disposed of to landfill, or;
- b) the broader benefits that can be obtained through enhanced resource recovery, which keeps materials and value in the economy and avoids the impacts of associated with virgin material extraction.

In this last respect, a recent study by Nolan-ITU (now Hyder Consulting) found that the environmental benefit of processing municipal waste, as opposed to its landfill disposal, equals \$230 per tonne in Sydney.

The WMAA believes that the NSW Government should embrace “step change”, eg, the unique opportunity to deliver broader environmental gains (such as greenhouse gas abatement and water conservation) and build social capital (such as job generation and replacement of manufacturing industries moving off-shore) using resource recovery.

This opportunity can be claimed through an increased policy and practical investment in systems specifically focussed on resource recovery for sustainability.

Principle 2: There needs to be stronger State and regional leadership and decision-making on collection services and the infrastructure required for resource recovery.

While the WMAA supports the overall objectives and directions of the NSW Waste Strategy, the WMAA believes the strategy could achieve more through greater focus on practical implementation.

At present, a limited number of stakeholders – be they Councils, regional groupings of Councils, or commercial contractors – are responding to the Strategy.

For example a number of individual Councils have signed up for Alternative Waste Treatment (AWT) where it has been available, such as Fairfield and Blacktown in relation to the WSN Environmental Solutions / Global Renewables Ltd facility at Eastern Creek in western Sydney.

Through the Macarthur Regional Organisation of Councils (MacROC), a tender has been awarded to a service provider to establish an AWT facility at Jack’s Gully in south-western Sydney. The Southern Sydney Regional Organisation of Councils (SSROC) is conducting an on-going Expression of Interest process for AWT for municipal waste.

While these developments are encouraging and reflect the commitment of the Councils and contractors involved, a greater response to the Strategy is definitely possible in Sydney and throughout the State through increased practical and facilitative support from the NSW Government.

The WMAA believes that the Strategy can be improved through the **development of a complimentary NSW Resource Recovery Implementation Plan.**

Aimed at system participants at both the State-wide and regional levels, such an Implementation Plan would include:

- overall sustainability-related targets for resource recovery performance,
- year-by-year milestones of progress against those targets,
- clear accountabilities for different players within the overall system (including local Councils, the commercial and industrial sector, and the NSW Government itself),
- incentives / sanctions for respective performance,
- examination of issues surrounding the provision of resource recovery infrastructure in NSW; and
- specific goals for delivery of further infrastructure necessary to achieve the Waste Strategy targets.

Principle 3: There need to be economic signals to promote conservation of resources.

At present, the main economic instrument that affects municipal waste in NSW is the Section 88 landfill levy. It has contributed to progress to date in terms of the NSW Waste Strategy.

While the levy is a step in the right direction, additional and more targeted economic signals would further better stimulate resource recovery for sustainability benefits.

Several improvements merit consideration:

First, economic instruments can be used to address the current market distortion in favour of virgin resources over recovered resources. The direct and indirect subsidies by governments to the natural resource sector in Australia have been estimated to be \$14 billion per year.

Second, economic instruments can more fully reflect and capture the true environmental and social costs of landfill disposal of waste. Such costs include:

- remediation and landfill closure,
- the opportunity cost of materials lost to the economy,
- immediate environmental externalities, and
- more fully reflecting and capturing the true environmental cost of products themselves, including complex items such as computers and televisions.

Thirdly, funds collected from economic instruments can be more directly apportioned to key players in the municipal waste system, including Councils, to achieve further progress.

The WMAA supports increased hypothecation of the levy funds to achievement of the Strategy's targets, including expenditure for resource recovery infrastructure support.

Fourthly, the application of a waste levy can change behaviour. The levy, as proposed by the Government will affect waste generator decision making and behaviour when it comes to choices about the disposal or recycling of waste materials.

Finally, economic instruments can and should be applied outside the greater Sydney area.

The WMAA believes that the NSW Government could develop additional economic instruments focussed upon specific sustainability-related targets for resource recovery. These instruments could include extended levies, advanced disposal fees, take back schemes such as EPR and other targeted market based instruments.

Such approaches would necessarily be based on accurate economic modelling and scientific assessment of environmental impacts and opportunities.

Principle 4: Producers need to take responsibility for product impacts.

The supply / value chains that exist in the current unsustainable economy are long and complex. At present, each manufacturer, generator, consumer, contractor / service provider, may feel they are performing adequately, but the aggregate outcome is detrimental to sustainability and to future generations.

Current policy settings dictate that many of the post-consumer environmental costs of products and services are externalised.

What is necessary is national action led by the NSW Government for producers to internalise these environmental costs through improved environmental quality in product design, information provision to consumer and stakeholders, supply chain efficiency, and support for resource recovery.

Such national action should take place in a way that rewards progressive businesses.

Principle 5: There should be a net environmental benefit from activity associated with municipal waste management.

To a significant degree, municipal waste management in NSW has been dominated by “tonnage thinking”.

Historically and presently, the primary systemic focus has been the tonnes of material going to or being diverted from landfill. The WMAA believes this is a limited approach, as it does not consider the broader environmental impacts and opportunities of resource recovery.

For example, a broader approach considers environmental performance aspects such as: greenhouse gas emissions / abatement; air pollution emissions / abatement; water pollution emissions / abatement; human and ecological toxicity, and; resource conservation.

Different resource recovery approaches for different situations and material streams have different capacities to deliver the optimal environmental outcome – not just the maximum diversion of tonnages from landfill.

What is necessary is the establishment by the NSW Government through a NSW Resource Recovery Implementation Plan of overall sustainability-related performance targets for resource recovery from municipal waste, and regular measurement and reporting against those targets.

Such target setting and monitoring of “highest net resource value” provides a stronger driver for improvements than landfill diversion goals alone. Equally, if we are to pursue waste avoidance as a society, there need to be appropriate incentives.

Principle 6: There must be harmony between different levels of legislation and between agencies in relation to MWM.

In recent years in NSW, there have been several situations involving the proposed development of resource recovery infrastructure where proposals have not proceeded partially due to a lack of harmony between different levels of legislation and policy.

On the one hand, the NSW Waste Strategy seeks to promote the achievement of diversion targets and many industry and Council players have accordingly responded by seeking to develop new resource recovery infrastructure.

On the other hand, planning legislation has until recently given primary oversight and control of projects to individual local Councils. These Councils must often respond to direct ratepayer views rather than give credence to broader (and often regional) needs. This can put both the proponent and the local Council into an invidious and often intractable situation.

One part of the answer is the active promotion and application of the recently introduced SEPP for waste infrastructure that is of State significance.

The other part is a legislative and policy review (as part of the development of the NSW Resource Recovery Implementation Plan), aimed at identifying and correcting inconsistencies that block the development of resource recovery infrastructure and services.

A Way Forward

WMAA believes that the targets established by the NSW Waste Strategy are less likely to be met under a “business as usual” model. Recent changes to the waste disposal levy will accelerate both industry and Council responses to the Strategy and are welcomed, but alone they are unlikely to be enough.

The WMAA makes the following further suggestions to the Inquiry as part of our drive to achieve both the targets and a “step change” toward resource recovery in the municipal sector:

1. Develop the NSW Resource Recovery Implementation Plan. This is the overall framework for resource recovery and would:
 - a. establish the right mix of technology,
 - b. establish new economic instruments,
 - c. establish behavioural change programs
 - d. establish annual targets
 - e. establish performance measures and assessment
 - f. develop the strategic and planning framework and systematic roll-out program for resource recovery infrastructure.

The WMAA believes that a plan for the roll out of infrastructure is absolutely critical for success in resource recovery. It is essential to provide the assurance and direction for both Councils and private capital for the adequate delivery of systems and infrastructure.

Confidence and clarity in the market place and regulatory environment are no less important in respect to waste infrastructure than any other form of infrastructure provision such as roads or electricity. If Councils and private industry are expected to invest many hundreds of millions of dollars in infrastructure then there needs to be greatly more clarity in the planning and regulatory framework.

Through its recently formed Strategic Planning and Implementation Working Group (SPIG), the WMAA is currently seeking to facilitate such a framework and plan through a collaborative effort of its members.

It is actively seeking greater engagement from the NSW Government in the undertaking and strongly desires to have greater input and access to a related project currently being conducted by the Department of Planning.)

2. Create and promote the adoption of tools for measurement of the costs/benefits of resource recovery activity in sustainability terms.
3. Establish a distinct government agency for resource recovery planning and implementation. The WMAA NSW branch believes that such an agency should have the following features:
 - enshrined powers and functionality in waste / resource policy, waste / resource infrastructure planning and siting , and waste / resource program delivery / facilitation;
 - an independent oversight Board with wide stakeholder representation and relevant expertise;
 - the capacity to direct and drive change across levels of government and other agencies;
 - the capacity to foster regional groupings where needed;
 - capacity to administer performance-based funding and levy expenditure in line with the Strategy, and;
 - ability to establish targets, measurement systems, and regular reporting of resource recovery activity.

The WMAA considers that the right structural and institutional arrangement is required for “step change” to resource recovery and to enact the principles stated above.

Whilst existing agencies (Planning, EPA and Sustainability Programs within DEC, and importantly local Councils) are doing a credible job, they are limited in both scope and capacity to deliver the necessary reform to achieve the Waste Strategy targets and move beyond them to a “resource recovery focussed” policy framework.

4. Address current market failure by identifying and then promoting economic instruments and other incentives for resource recovery for sustainability, such as:
 - advanced recycling fees on products, materials, or streams;
 - deposit / refund schemes on products;
 - mandatory recycled content requirements in products and other market development activities for recycle usage;

- bans on disposal of key materials to landfill;
 - appropriate environmental performance benchmarks for landfills and improved regulatory enforcement;
 - adoption of full cost accounting methods;
 - targets for NSW Government agency resource recovery participation and purchasing of recycled content products, and;
 - facilitation of local government purchasing of recycled content products.
6. Develop, lead, and coordinate a comprehensive State-wide community awareness / behavioural change campaign about resource recovery and its benefits. Ensure that communications and education aspects are included in the planning and delivery of waste management and resource recovery systems, technologies and infrastructure.
 7. Facilitate and fund Council-based groupings for regional solutions for resource recovery, including the organic and hard recyclables component of municipal residual waste.
 8. The WMAA supports an integrated approach to municipal waste management which handles different waste streams while promoting enhanced resource recovery. In this regard, the WMAA believes that Alternative Waste Treatment technologies and Energy-from-Waste have an important role to play.
 9. Introduce a consistent colour coding scheme for municipal (and other stream) waste bins.
 10. Continue to lead national action for producer responsibility where there are significant national synergies (such as products produced overseas for a national Australian marketplace).
 11. Lead national action for a product-based “eco-labelling” scheme to provide consumers with accurate information about products’ overall performance and resource recovery potential.
 12. With an emphasis on ensuring environmental outcomes, develop guidelines for any potential sale of resource recovery assets that are currently publicly owned.
 13. Provide investment – both to the private sector and to Councils / regional groupings - for new resource recovery technology and infrastructure.
 14. Increase coordination and communication between State agencies in terms of their own resource recovery participation and their involvement in general resource recovery delivery.
 15. Provide clear guidelines for local government / regional tendering for resource recovery infrastructure development, including siting.
 16. Provide standards for outputs from resource recovery activity, especially for organic by-products.

The WMAA invites the Standing Committee to further discuss any matter raised in this submission. Indeed, the WMAA would be pleased to expand on our submission by formally appearing before a hearing of the Standing Committee.

Thank you in advance for considering our submission.

Yours truly,

A handwritten signature in black ink, appearing to read 'M. Ritchie', with a long horizontal flourish extending to the right.

Mike Ritchie
President
NSW Branch
Waste Management Association of Australia