



WALGA

**Submission to the
National Environment Protection Council**

on the

**National Environment Protection
(Used Packaging Materials) Measure
2011**

PREPARED BY THE



MUNICIPAL WASTE ADVISORY COUNCIL
"Getting the Environment Right"

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Status of this Submission

This Submission has been prepared through the Municipal Waste Advisory Council (MWAC) for the Western Australian Local Government Association (WALGA). MWAC is a standing committee of the WALGA, with delegated authority to represent the Association in all matters relating to solid waste management. MWAC's membership includes the major Regional Councils (waste management) as well as Local Government representatives. The Regional Councils members of MWAC include the Eastern Metropolitan Regional Council, Mandarie Regional Council, Southern Metropolitan Regional Council, Rivers Metropolitan Regional Council, Western Metropolitan Regional Council and the City of Geraldton-Greenough. This makes MWAC a unique forum through which all the major Local Government waste management organisations cooperate. This Submission therefore represents the consolidated view of Western Australia Local Government. However, individual Local Governments and Regional Councils may have views that differ from the positions taken here.

The Municipal Waste Advisory Council's member organisations are:

Eastern Metropolitan Regional Council
Bunbury Harvey Regional Council
City of Geraldton-Greenough
Mandarie Regional Council
Rivers Regional Council
Southern Metropolitan Regional Council
Western Australian Local Government Association
Western Metropolitan Regional Council

Executive Summary

This Submission relates directly to section 17(b) of the National Environment Protection (Used Packaging Materials) Measure 2011, Impact Statement. This Submission also reflects the comments submitted by the Association in relation to the Consultation Regulatory Impact Statement (RIS) that was released in 2010.

A large portion of Local Government's waste management budget is expended on collection and recycling of post consumer packaging. Community expectations dictate that landfilling this material is not acceptable. Local Government, as a landfill operator, must respond to the increasing cost of landfill by finding ways to divert solid waste from landfill.

The operating cost of Local Government waste management and related activities exceeds \$130 million per annum. Additionally, tens of millions of dollars of new capital are invested each year to meet increased demand and adopt new technologies. As a result, Local Government waste has been identified as the only waste stream to show a decrease in tonnes to landfill over the past few years. Despite increasing population, Local Government waste to landfill has decreased by approximately 1% per year since 1999/2000. This decrease is the result of recycling and resource recovery initiatives and operations by Local Governments.

The Association supports the continuation of the NEPM, and endorses the decision made by the NEPC to support Option 4 as the preferred option for reform. The Association supports Option 4 as the preferred approach due to the inclusion of *Commonwealth Product Stewardship Act 2011* rather than different undertakings in each state and as it enhances participation in the Australian Packaging Covenant (APC). Option 3 would be the second preferred option.

The Association considers the APC is only one mechanism to reduce the environmental impacts of packaging. The Association supports complementary mechanisms such as Extended Producer Responsibility (EPR) and Container Deposit Schemes to reduce the impact of packaging.

Most importantly, the Association strongly recommends that regional differences and challenges throughout Australia are addressed when developing national schemes. Without due consideration of specific regional challenges, the success of the NEPM or any other similar national scheme will be limited.

1 Introduction – Issues for Local Government in Western Australia

The Western Australian Local Government Association (WALGA) appreciates the opportunity to comment on the National Environment Protection Council's (NEPC) National Environment Protection (Used Packaging Materials) Measure (the NEPM) and Impact Statement. This submission addresses the details of section 17(b) of the NEPC Act, as it relates to the NEPM. This submission also reflects the comments made by the Association in relation to the Consultation Regulatory Impact Statement (RIS) that was released in 2010.

WALGA is currently a signatory of the Australian Packaging Covenant (APC) and is actively involved in the Covenant process. Local Government's twin role as representatives of the community and as a service provider is a major consideration of this participation. Local Government must represent community values since these are the fundamental basis for undertaking new challenges and continuing past work. Local Government must also apply its service provider expertise when considering means by which to achieve community benefits. This twin role is particularly significant with regard to Extended Producer Responsibility and Product Stewardship approaches, such as the Covenant, taken by Government. Local Government has significant investment in resource recovery and their role as service provider in this area will be impacted by any development in these areas.

A major part of Local Government's budget for recycling is spent on collection and recycling of post consumer packaging. Community expectations dictate that sending this material to landfill is not acceptable. Given Local Governments in WA are responsible for the management and operation of 87 of the 97 landfills throughout the metropolitan and south west of WA, Local Government as a service provider has a strong interest in diverting this waste from landfill. Independent of these pressures, Local Government must respond to the increasing cost of landfill by finding ways to divert solid waste, of which packaging is a large component, from landfill. Consequently, Local Governments are heavily invested in dealing with this packaging waste via recycling programmes, which consume a large proportion of waste management budgets. Local Government continues to seek ways of making packaging more sustainable and at a reduced financial burden to the community.

Collectively, Local Government is the main caretaker of litter in WA, and Local Government expenditure on litter abatement covers a broad scope of activities. There are often 'hidden' costs associated with litter, especially when many Local Government officers may end up managing litter as part of their day to day activities, such as cleaning up after community events, rubbish bin vandalism etc. As a result, the true cost of litter may not be fully realised.¹ Local Government supports increased penalties for illegal dumping and littering offenses. However, due to the size of the State, enforcement of anti-littering measures are difficult and a range of approaches are needed.

There are substantial costs to the community to ensure that packaging is managed in a sustainable manner – the Covenant is one tool that can be used to address these costs and reduce the environmental impact of packaging.

2 Waste and Recycling in Western Australia

The *Waste Avoidance and Resource Recovery Act 2007* identifies the roles and responsibilities for Local Government in WA, specifically in regards to 'Local Government waste', which has been defined as:

¹ Nolan-ITU Pty Ltd (2002) 'Litter Management Options in Western Australia', p. 12.

- (a) *waste from residential sources; and*
- (b) *any other waste of a kind prescribed by the regulations for the purposes of this paragraph, but does not include sewerage or waste of a kind prescribed by the regulations as excluded for the purposes of this definition.*

Although Local Government responsibility is clearly outlined, waste other than Local Government waste, does not have a directly responsible body under the Act. The result is that discretionary services, such as recycling, will only be provided if a business or commercial service requests them from a contractor. In practice, many Local Governments are taking responsibility for a far greater range of materials than they are legally obliged to. In some areas, Local Government is the *only* service provider.

The operating cost of Local Government waste management and related activities exceeds \$130 million per annum. Additionally, tens of millions of dollars of new capital are invested each year to meet increased demand and adopt new technologies. As a result of this investment, Local Government waste has been identified as the only waste stream to show a decrease in tonnes to landfill over the past few years. Despite increasing population, Local Government waste to landfill has decreased by approximately 1% per year since 1999/2000.² This decrease is the result of recycling and resource recovery initiatives and operations by Local Governments.

Despite the advances in recycling and resource recovery by Local Governments, Local Governments in WA are presented with a number of unique challenges in undertaking waste management activities, for example:

- **Distance of WA from markets for recyclables and lack of local reprocessing** – With the closure of the ACI glass reprocessing plant in 2004 and the AMCOR facility in 2005, WA effectively lost most of its local reprocessing of materials. Material is now transported internationally or interstate to be recycled. The Covenant and the WA State Government have assisted in providing funding for glass reprocessing in WA.
- **Markets and pricing** – As the recent market downturn in the price of recyclables has shown, consistent pricing is a huge issue for the viability of the recycling industry. Without structures in place to ensure consistent pricing, recycling services are at the mercy of the market.
- **Issues for non-metropolitan areas** – In non-metropolitan areas, waste management is likely to be more expensive due to low population density, low volume of material collected and a greater distance to travel (most recyclable materials is transported to Perth, then to market). Many non-metropolitan Local Governments have limited revenue raising capacity.
- **Alternative markets** – Some Local Governments are actively seeking alternative markets for their products to increase the viability of services.

There has been limited strategic planning for waste management activities in Western Australia. As waste management has largely been seen as the purview of Local Government, there has been limited planning at a state level and virtually no consideration of waste management infrastructure in planning schemes.

² Cardno (2008). Review of Total Recycling Activity in Western Australia 2006/07. Available online http://www.zerowastewa.com.au/documents/review_total_recycling_wa_0607.pdf

3 Requirements of Section 17(b) of the NEPC Act

The Impact Statement developed by the NEPC outlines the requirements of section 17(b). The following comments apply directly to the information supplied in the Impact Statement.

- (i) The Association supports the objective of reducing the environmental impacts of packaging. This section also alludes to the inclusion in the RIS of the nature of the problem being addressed, and the potential consequences. As outlined in the Association's previous submission, the Association is concerned that the impacts on Local Government, as a result of the termination of the NEPM, are not fully taken into account. For example, the consequences of uncertainty for businesses in the packaging sector are given as follows:
- Loss of industry commitment to the environmentally sound management of packaging developed over the ten years of operation of the Covenant;
 - *A progressive increase in the total amount of packaging disposed to landfill with consequential increase in greenhouse gas emissions and increased use of materials included energy and water;* and
 - Potential for discouraging more active participation by signatories, particularly in areas requiring investment of resources (e.g. to implement a new design process) or longer term actions, and in compliance monitoring.

The point emphasised above outlines a significant concern of Local Governments. A consequence of the potential termination of the NEPM involves direct impacts on Local Government activities in regards to increased cost and waste to landfill.

- (ii) The Association supports strategies to address issues such as: the increasing amount of waste, managing waste as a resource, increasing community expectations, improving resource use efficiency and reducing greenhouse gas emissions. Local Government's twin role as representatives of the community and as a service provider to the community place Local Governments in a unique position: Local Government must represent community values since these are the fundamental basis for undertaking new challenges and continuing past work. Local Government must also apply its service provider expertise when considering means by which to achieve community benefits.

The increase in waste will also directly affect Local Government operations. In addition, Local Government has significant investment in resource recovery and their role as service provider in this area will be impacted by any development in these areas. The introduction of carbon price will also directly impact Local Government landfills, which will be felt by their ratepayers. It is in both Local Governments and the community's best interests that the issue of the increasing amount of waste is addressed.

- (iii) The Association supports the decision made by ministers on the agreement of Option 4 as the agreed method. As indicated in the Association's previous submission, Option 4 was also the Association's recommended option for reform. Table 9 in the RIS has been updated to include the Association's additional criteria (Administrative Simplicity) for each Option, as outlined in Table 1.

Table 1: RIS Options Analysis

Criterion	Option 1	Option 2	Option 3	Option 4
<i>Participation</i>	Least effective	Second highest effectiveness	Highest effectiveness (equivalent to Option 4)	Highest effectiveness (equivalent to Option 3)
<i>Certainty</i>	Least effective	Second highest effectiveness (given 2015 termination date for NEPM)	Highest effectiveness (equivalent to Options 2 and 4)	Highest effectiveness (equivalent to Options 2 and 3)
<i>Competition</i>	Lowest level of restriction on competition (Voluntary measure)	Equivalent to Options 3 and 4	Equivalent to Options 2 and 4	Equivalent to Options 2 and 3
<i>Cost burden</i>	Lowest cost	Equivalent to Options 3 and 4	Equivalent to Options 2 and 4	Equivalent to Options 2 and 3
<i>Administrative Simplicity*</i>	High	Low	Low	Medium/High
<i>WALGA Ranking</i>	Least preferred Option (along with Option 2)	Least preferred Option (along with Option 1)	2 nd preferred Option	1 st preferred Option

* *Administrative simplicity based on whether or not this Option requires separate undertakings by each state, low levels of administrative simplicity exist where there is a need for multiple regulations in all jurisdictions.*

As outlined in the Association *Submission on Consultation Regulatory Impact Statement, Code of Practice and Final Report on Willingness to Pay for E-waste Recycling* (2009), the Association supports administrative simplicity in differentiating between the selected options. As mentioned, the focus of the Consultation RIS is the cost to business of the NEPM, however the substantial cost to the community of packaging has been highlighted and should be considered as more significant in final decision making. Therefore in weighting of the options the Association recommended that Participation (understood as effective implementation) is the primary criteria. As a result, the Association supports Option 4 as the preferred option; as there is greatest participation and the eventual inclusion of the NEPM under the *Product Stewardship Act 2011* will assist in administrative simplicity. Option 3 would be the second preferred option due to the implementation of an ongoing NEPM.

- (iv) The Association agrees that the benefits of continuing the current co-regulatory arrangement outweigh the costs.
- (v) As mentioned above, there are a number of specific issues that relate to metropolitan and non-metropolitan Western Australia that must be taken into account in the implementation of any national scheme, including the APC or further Extended Producer Responsibility schemes.
- (vi) The Association would like confirm that the closing date for submissions on the draft NEPM and Impact Statement is 22 August 2011, not 17 June 2011.
- (vii) The Association supports the proposed arrangements.
- (viii) The Association supports the proposed arrangements.

4 Complementary Mechanisms

The Association would like to highlight that the Australian Packaging Covenant is only one tool to reduce the environmental impacts of packaging. The Association also supports complementary mechanisms such as Container Deposit Schemes to reduce the impact of packaging. The Australian Packaging Covenant should not be viewed by Government as the only approach or government intervention necessary to ensure reduced environmental impacts of packaging.

Strong public support exists for specific items to be incorporated into a Container Deposit System (CDS) for a variety of reasons including their iconic nature, their potential as a revenue source for community groups, their resource value and the level of nuisance they cause (e.g. broken glass, litter). Introduction of a CDS has the potential to achieve appropriate distribution of waste management costs. 'Appropriate distribution' is considered to be the redirection of waste management costs onto the producer, distributor and/pr retailer and the consumer of an item to better enable the market to transmit information about the total economic, environmental and social costs of container waste.

The Association also views the NEPM as an important step in terms of the transition of the *Product Stewardship Act 2011* at a future date. This legislation also presents the opportunity to deliver a program across the country for all to benefit from. The Association insists, however, that regional differences and challenges be addressed in the development of any national program.

5 Conclusion

The Western Australian Local Government Association (WALGA) appreciates the opportunity to comment on the National Environment Protection (Used Packaging Materials) Measure 2011. The Association is currently a signatory of the Australian Packaging Covenant, and as such, must consider Local Government's twin role as a representative of the community and as a service provider.

Any possible termination of the NEPM and consequences for the Covenant has the potential to directly impact Local Governments in WA, given Local Government significant investment in recycling collection and infrastructure and its role in litter management.

The Association supports the proposed measures as outlined in section 17(b) of the NEPC Act, as they relate to the NEPM, but strongly recommends that regional differences and challenges are addressed in the development of any national scheme, such as the APC.