

# Product Stewardship for Waste Tyres

## **Context**

In mid July, a working group reporting to the Environmental Protection and Heritage Council (EPHC) met to consider options for a national approach to managing used tyres. The delegate from the WA Dept of Environment approached the Municipal Waste Advisory Council (MWAC) to provide input on this subject. MWAC took the opportunity to comment upon Product Stewardship approaches to managing waste streams and issues associated with tyres in particular. The comments were broadly consistent with many of the views expressed within Local Government. However, they were not provided as a statement of WA Local Government Association policy.

## **Summary**

In brief, the key issues raised by MWAC were:

- Tyres are operationally burdensome on Local Government waste management operations a successful scheme will need to address these operational issues.
- Disposal levies on tyres should be levied at the point of sale in preference to the point of disposal
- Cooperation with efforts to recover used tyres for recycling is best facilitated by addressing the financial constraints operating on Local Governments – in particular transport to reprocessors.
- Product Stewardship approaches may be acceptable in some cases, especially where new waste management responsibilities are ascribed to waste generators (ie: tyre manufacturers and retailers).
- Meeting Scheme objectives should not be subordinated by preferences for particular mechanisms.
- Objectives should be hierarchically arranged to ensure that the purpose of any scheme remains clear and that primary objectives are met.

## **Operational Problems with Tyres**

The WA Local Government Association recently surveyed its members about the problematic wastes they commonly handled. Tyres were raised as an issue by many of the respondents. Most of the respondents were unable to find suitable alternatives to landfill for tyres which must be read in light of the lack of any financial return for Councils which send tyres to recyclers. In addition, some of the respondents mentioned the difficulties imposed by the need for specialist equipment to separate tyres from wheel rims.

The highly dispersed nature of WA Local Governments makes transportation a critical problem for the collection of waste materials. Waste tyres are particularly inconvenient because of the link between transportation and stockpiling. The large volume, potential as a habitat for pests and flammability of tyres makes their stockpiling problematic. Small landfills will tend to accumulate tyres at a relatively slow rate and hence stockpiles may persist for a long time. However, stockpiling is a necessity brought about by the cost of transporting small loads, long distances.

Any scheme for waste tyres which aimed to increase the diversion of tyres from landfill into recovery or recycling would need to address a number of operational for Local Government.
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## **Illegal Dumping**

Illegal dumping of tyres is a specific problem for many Local Governments, creating an unfortunate catch-22. If Councils accept waste tyres they are inconvenienced by the unsuitability of this waste type for landfilling and above-ground stock-piling or they are put to the expense of

transporting the tyres to reprocessors at their own cost. On the other hand, if Local Governments refuse to accept tyres from community members, they inevitably find themselves collecting the tyres from surrounding bushland and public spaces.

This illegal dumping problem discourages Local Governments from charging for the disposal of tyres to recover the costs of handling them while at the same time preventing them from refusing the tyres in order to avoid those costs. The key lesson in this experience is that the end of a tyre's life is the wrong point at which to recoup the costs of disposing or recycling waste tyres.

Any scheme which aims to improve the management of waste tyres must ensure that the costs of disposal are factored into the purchase of the product as end-of-life fees will not work effectively.

### ***Increasing Recovery through Regulatory Mechanisms***

Recently the State Government attempted to support the recovery of tyres by modifying landfill licenses to require the exclusion of certain types of tyres. It was hoped that this measure would encourage the consigning of tyres to commercial reprocessors. The measure did nothing to address the transport costs which Local Government landfill operators would have to pay in order to send their tyres to reprocessors. As set out above, the affected Local Governments could do nothing to offset the cost of complying with the measure, without causing waste tyres to be disposed of in exempt landfills or illegally dumped. The measure appears to have overlooked the simple fact that Local Governments, far from being averse to removing tyres from the landfill waste stream, are frequently prevented by financial constraints.

The removal of financial constraints upon Local Governments in respect of tyre collection and aggregation should be prioritised, rather than using punitive drivers which displace costs onto Local Government.

### ***Comments on the Philosophy of Product Stewardship***

The term 'Product Stewardship' has enjoyed favour in the Commonwealth environmental administration – currently the Department of Environment and Heritage (DEH) – for the past several years. Quoting from the DEH website: "Product Stewardship is an approach that acknowledges that all those involved in producing, manufacturing, selling, using and disposing of products have a shared responsibility to ensure their environmentally sound management."<sup>1</sup>

In Local Government, the concern has been consistently articulated that the Product Stewardship philosophy of shared responsibility is used to justify continuing Local Government responsibility for the disposal of products. To use the National Packaging Covenant as an example of this take on Product Stewardship, Australian packaging manufacturers and users have been prepared to undertake programs to reduce the weight of their packaging, but have refused to accept any substantive responsibility for the impacts of their packaging in the context of waste management.

This approach to sharing responsibility does not provide compelling drivers for significant change in producer or consumer behaviour. Local Government has frequently pointed out that it would be appropriate for responsibility to be apportioned in order to compel behavioural change. For example, where producers take some responsibility for their products at the end-of-life, they acquire a direct incentive to maximise the ease and affordability of discharging that responsibility. Product Stewardship could easily involve apportioning producer responsibilities at the waste disposal or resource retrieval stage, yet Local Government has noted that this path is frequently avoided in programs under the Product Stewardship banner.

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<sup>1</sup> Department of Environment and Heritage website, online, available: <http://www.deh.gov.au/industry/waste/degradables/stewardship.html> accessed 11/07/2004

The acceptability of Product Stewardship approaches will be determined on a case-by-case basis by Local Government. A key criterion which Local Governments will consider will certainly be whether a given scheme ascribes new responsibilities to waste producers in the arena of waste management.

### ***Ultimate Objectives and Favoured Mechanisms***

However, in the case of the National Packaging Covenant (the NPC) and the Product Stewardship for Oil scheme (the PSO), some formed the view that the preferred mechanisms moulded the treatment of policy objectives. The PSO serves well as an illustration.

On considering the Allen Group's Review of the PSO Act, it became apparent to MWAC that the PSO was designed to increase oil recovery because unrecovered used oil represents a pollution hazard. MWAC formed the view that the resource efficiency gains associated with increased oil reuse were a bonus whereas reducing pollution risks by recovering more used oil represents the main rationale for the PSO. This interpretation is supported by the background materials as set out in MWAC's response to the PSO Review.<sup>2</sup>

Having established a case for the development of the PSO Act based primarily on increasing the safe retrieval of used oil, the PSO Review went on to compare the effectiveness of the existing PSO scheme against alternatives which included a deposit – refund system. In fact the analysis of alternative approaches introduced novel criteria which were not explicit in either the Act or the terms of reference for the Review. In particular MWAC was disappointed to find buried in the body of the PSO Review, the emphasis upon controlling compliance costs rather than on minimising quantities of unrecovered used oil.<sup>3</sup> This was in spite of the PSO Review providing estimates that Australia experiences an annual loss of something in the order of 50ML of used oil.<sup>4</sup>

The primary objective of the PSO Act, in MWAC's view, was to avoid possible environmental impacts associated with the loss of oil into the environment. The PSO Review, in considering what approaches could best achieve that objective, arbitrarily determined that the objective was sufficiently met to justify focussing on a secondary objective, namely minimising compliance costs.

To us, this example illustrates a common problem in with the pursuit of objectives under voluntary industry schemes. The stated objectives are not rigorously applied in order to measure the performance of the scheme. Rather, particular mechanisms appear to have been favoured at the outset, typically on the basis of cost and flexibility. Thereafter, the analysis of performance has tended to skirt around those objectives which have not been well met.

The extent to which objectives of any scheme are met should over-ride any preferences for specific mechanisms. Alternatively, prior preferences for particular types of mechanisms should be explicitly declared along with the reasons for those preferences.

### ***Hierarchy of Objectives***

Carrying on from the previous point, it is clear to MWAC that schemes such as the NPC and the PSO would have benefited from a much clearer statement of what was sought to be achieved and what order of priority was ascribed to each objective. Local Governments tend to accept the proposition that, all other things being equal, policy objectives should be pursued using the most financially efficient mechanisms. However, MWAC takes the view that an economically efficient

<sup>2</sup> MWAC Response to the PSO Review, online, available at [www.wastenet.net.au](http://www.wastenet.net.au)

<sup>3</sup> PSO Review p55, Online, available [www.allenconsult.com.au/resources/DEH\\_Draft\\_Final.pdf](http://www.allenconsult.com.au/resources/DEH_Draft_Final.pdf) accessed 13/07/2004.

<sup>4</sup> 'Loss' is used in this sense to mean 'not destroyed and not recovered'

scheme which does not sufficiently reduce the targeted environmental or social impacts must either be modified or supplemented with other approaches.

Local Government has observed a tendency for voluntary schemes to be assessed rather too generously. Considerable credit appears to be given for the parties 'having a go' and thus the successes of such schemes have been held up for praise with far too little consideration given to whether the scheme is effective in solving the original problem. Thus it is with the NPC, originally established because the lack of packaging industry support for kerbside recycling resulted in depressed markets for recyclables. The fact that the NPC has secured over 600 signatures is portrayed as a key success, meanwhile industry signatories to the NPC undertake only to purchase recyclables at market prices and markets for some recyclables remain depressed.<sup>5</sup>

In order to achieve significant change through a Product Stewardship approach, it is submitted that new schemes will need clearer and hierarchical objectives. Achieving collaboration or ensuring cost-effectiveness may be legitimate objectives in their own right. However any scheme must be recognised as existing primarily for other reasons. In the present instance one would imagine this reason is to minimise the environmental and social impacts of waste tyres.

Schemes must be developed and reviewed with a focus on the primary reason(s) for the existence of the scheme. Only once it has been established that a scheme meets minimum performance criteria in respect of its primary reasons for existence should other objectives be brought into the assessment.
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<sup>5</sup> Consider recycled glass in WA: ACI Glass Packaging Australia advised in June 2004 that it would soon be accepting only mixed glass cullet from WA recyclers – bringing the value of recycled glass from potentially \$70 per tonne down to \$40 per tonne.