

QUEENSLAND WASTE STRATEGY 2010 - 2020

**AUSTRALIAN COUNCIL OF RECYCLING
SUBMISSION**

13 August 2010

EXECUTIVE SUMMARY

The proposal to implement a new strategy for the avoidance of waste and the recycling of material resources of the State provides a unique opportunity for Queensland to leapfrog the policy and regulatory developments in other jurisdictions and deliver a more Sustainable Queensland through a sustainable materials economy. The Consultation Paper signals a number of measures that point to this goal however it also contains elements that threaten to prevent such a goal being fully realised.

Positives

1. The policy gives a focus to waste avoidance and recycling as priorities over other measures to 'manage' waste resources
2. Targets are proposed for the recovery of the various material streams
3. It acknowledges growing community concern for the more effective use of end of life products and materials and the economic loss involved in wasting such resources to landfill
4. It recognises that unless measures are taken to move to a more sustainable system for managing material by-products of the economy, Queensland's growing population will face increased economic costs of managing its growing waste stream by conventional means of disposal.
5. For the first time, it proposes a levy to provide a disincentive to disposal.
6. The funds raised from the levy are to be directed towards delivering environmental outcomes including more sustainable management of materials through improved resource recovery and recycling.
7. New legislation is contemplated to set the policy framework for the new approach to waste avoidance and recycling
8. The need for improved infrastructure to achieve the goals identified is recognised
9. Community engagement and education will be a key part of the roll out of the Strategy

Negatives

1. The policy goals are broadly appropriate but the regulatory framework proposed will not be adequate to drive the change needed to deliver the policy goals desired.
2. The implementation of a levy alone will not deliver the practical change needed to force the transition to a sustainable materials economy
3. The levy is not universal and applies at differential rates to different materials streams
4. A future 'price path' for the levy is not identified to give business certainty so that sound commercial decisions can be made into the future to 2020 at least
5. The levy revenue risks being dissipated on initiatives which do not contribute to more sustainable materials management
6. Governance arrangements for the management of the funds raised by the levy remain unclear and integrated planning for infrastructure is not addressed
7. Without clear justification, the exemption of Municipal Solid Waste from the levy creates an economic environment which will promote;
 - a. 'leakage' of materials to which the levy should otherwise apply,
 - b. distort the market for investment in improved technologies.
 - c. Unnecessary policy and regulatory complexity and its corresponding system costs
 - d. potential fraud in the avoidance of the levy

INTRODUCTION

The Australian Council of Recycling (ACOR) welcomes the opportunity to assist the Queensland Government in making a significant reform of Queensland's outdated waste management systems to move the state onto a more sustainable footing in the management of its resources.

ACOR is the peak national industry body for the recycling industry in Australia.

Its overarching mission is to advocate for improved levels of resource efficiency at the national and state levels and represent all businesses in the value chain of resource recovery and recycling. Its core business is to engage with and advise governments on the practical implications of policy and regulation to promote delivery the business infrastructure necessary to achieve major improvements in the recovery and reapplication of resources, particularly material resources, into the productive economy.

ACOR seeks to support governments and the community to make the transformation from an inefficient, wasteful linear economic system (where products and materials are disposed of at the end of their productive life) to a closed loop sustainable materials economy.

Queensland has an opportunity, with this reform, to set the benchmark in the design of its resource management systems. While there is a legacy of historical custom and practice which will necessarily weigh against true innovation, the fact that Queensland is so far behind the policy and regulatory frameworks developed in other jurisdictions allows lessons to be taken from the experience of incremental reform elsewhere and to draw from the best of what has worked, or not worked, elsewhere to set a new benchmark in sustainable resource management for the material and other by products of pre- and post-consumer packaging and product consumption.

The policy framework recommended in this submission does require however a step change in the paradigm within which waste resources have been 'managed' in the past. While the policy framework of the 'waste hierarchy' has served as a useful starting point, it is of itself neither adequate nor specific enough to deliver the practical results necessary to make the transition to a more sustainable economy. The essential problem with policy setting in this area is that the conceptual framework of 'waste management' has in the past been framed in isolation and without reference to the broader context of resource management and sustainability.

If a 'sustainable Queensland' is the desired goal, then the policy and regulatory settings that direct how to deal with resources that are the by-products of production and consumption must serve an overarching goal of ecological sustainability. This entails a number of core principles:

1. That all resources are inherently limited and should be conserved by making the most efficient use of the resource necessary to provide the product or service for which the resource is deployed
2. The by-products of the production and use of such products and services both before and after consumption should not be wasted but recovered for reuse or recycling within the productive economy, and
3. There must be a presumption that every by-product is a resource (to be redeployed) rather than a 'waste' (to be disposed of) until all economic options for making use of the resource are exhausted.

BEST PRACTICE SUSTAINABLE RESOURCE MANAGEMENT

ACOR regards this submission as a preliminary submission to outline the issues requiring further consideration and development in the consultation surrounding the finalisation of the Strategy. It is recognised that the Consultation Paper does not purport to resolve every detail of the implementation of the Strategy and that this will occur within the consultation arrangements the Department has established for this purpose.

ACOR has no serious objection to the broad policy framework outlined in the Strategy. The conceptual framework is basically sound. However the implementation of the Strategy is likely to be hampered to the extent that it does not reflect best practice regulatory design of systems to achieve improved resource efficiency, of which recycling is a key component.

Thus for the Strategy to be effective, ACOR recommends that the following 'best practice' principles approach should be adopted by Government:

1. The predominant purpose of the Strategy should be to maximise the recovery of products and materials and have them recycled into new economic uses.
2. The Strategy should be seen as an initiative quite separate to the regulatory regime for waste management, except to the extent that those engaged in conventional waste disposal activities are provided direction or incentives to improve resource recovery or recycle products or materials.
3. To drive the transition from linear to cyclical management of products and materials across the economy, the implementation of a 'fee-bate' system be implemented; i.e. that fees or levies be imposed on that which is to be discouraged (disposal to landfill) and the fees applied as incentives for what is desired, namely, greater resource recovery and recycling.
4. The fees should apply uniformly and universally to all waste disposal, except to community cleanup events and materials for which no recycling option is available e.g. asbestos, genuine residual materials from the recycling process.
5. All revenue from fees should be invested in a targeted set of strategic measures to maximise resource recovery and recycling.

IMPLICATIONS FOR THE STRATEGY

Based on the principles outlined above, ACOR makes the following observations and recommendations in relation to the Strategy:

The Strategy

1. ACOR supports the Government's approach of clearly delineating 'recoverable resources' from 'waste' and treating them separately for the purpose of all regulatory interventions, from planning of facilities, government incentives and the application of economic instruments (levies).
2. ACOR emphasises the importance of encouraging industry investment in improved recycling systems and infrastructure and supports a priority focus on these elements of the Strategy.
3. Of the four goals on page 19 of the Strategy, Government has little control over the first (except by way of consumer education) and the third and fourth are process based

outcomes, so the core focus should be on Goal number 2: optimise resource recovery and recycling.

4. The policy and regulatory structure should be geared to complement and support the pending federal systems for product stewardship. ACOR sees product stewardship schemes combined with maximum materials recovery before disposal to landfill as the top two priorities of any sustainable materials management strategy.
5. The key elements of a strategy to achieve maximum resource recovery are
 - a. Major improvements in source separation through education, awareness and recovery system (including infrastructure) improvements
 - b. Efficient product stewardship systems for the high level of recovery of defined product streams
 - c. Progressively increasing levies on disposal of materials, especially recyclable materials
 - d. Prohibition of key products from disposal to landfill where recycling systems are available i.e. batteries, mobile phones, computers, tv's, tyres, mercury containing products
 - e. Ensuring separation of organics from other waste streams to facilitate maximum recovery of 'green' wastes
 - f. Streamlined planning systems to promote investment in strategically located recovery and recycling facilities with minimal delay and cost
 - g. Investment in recovery systems and associated infrastructure to support recovery and recycling
 - h. Promotion of markets for recycled materials and associated products, including through prioritised government procurement of such products.

The Planning System

6. It is noted that the Department of Infrastructure and Planning is responsible for delivering integrated planning and infrastructure solutions for Queensland. A dedicated project is required in collaboration with DERM to provide –
 - a. A better planning and approvals system for resource recovery infrastructure
 - b. A State Planning Policy requiring local government to plan for improved resource recovery as the primary, not secondary, limb of any waste management planning.
 - c. A specific 'Resource Recovery Infrastructure Plan' should be prepared by Local Governments
 - d. The SPP should provide a streamlined IDAS system for resource recovery infrastructure and new landfill developments should be approved only after a comprehensive resource recovery system is incorporated or approved.

The Levy System

7. The Levy could be designated as a Resource Recovery Levy, not a waste levy, thus focussing on the outcome to which the levy is directed, rather than be seen simply as a tax on waste. The incentive created by the Levy to divert materials for recovery as well as the investment of funds raised by the levy should both be aimed at driving improved levels of resource recovery and recycling.
8. While ACOR understands the current negative position of Local Government towards any levy on municipal waste, the failure to include all major waste streams in the Levy arrangements is fundamentally flawed in that –
 - a. It reduces the funds available to drive cultural change, especially support for improved resource recovery and recycling programs at local government level

- b. the comingling of waste streams in collection systems will make the application of the levy unnecessarily complex if not unworkable in practical terms
 - c. it will promote market distortion and 'leakage' (i.e. sorting and fraud) of materials to the Municipal waste stream
 - d. local government is being funded through the Sustainable Environment Fund without any concomitant contribution to the Fund
 - e. the compliance and enforcement costs of policing such a wide exemption will be counterproductive i.e. erode funds available for investment in improved resource recovery and recycling initiatives
 - f. local governments could otherwise be fully rebated any levy on municipal wastes but in ways that improve recovery system performance, particularly for community education and awareness campaigns that support improved source separation and lower contamination rates for recyclables.
9. While the declaration of collection zones is also undesirable for the same reasons as set out above, especially as a cause of unnecessary complexity resulting in higher system management costs, ACOR accepts that the volumes of waste generated in the 'Rest of Queensland' zone is relatively small overall.
 10. In order to give certainty to industry, ACOR **recommends** that adequate notice (preferably six months) be given to industry of the details of the levy system to allow business systems to be established accordingly.
 11. To provide further certainty to industry, the Levy strategy should identify a 5 year price path, similar to that provided in NSW and Victoria, for the progressive escalation of the levy.
 12. ACOR has no in principle concern about the application of higher levies to hazardous wastes, however **recommends** that every effort should be made to avoid unnecessary complexity in the system, especially in the initial phase of introduction. These higher levies could be introduced later once the system is functioning.
 13. A system of rebates for materials diverted for recycling should be available to reward recyclers and create an incentive for landfill operators to commission separation and recycling systems, whether in-house or under contract with partner recycling operators.
 14. Recycling operators should not be subject to landfill levies on recycling 'residuals' where the products/materials recycled came from the landfill initially and the residuals are non-recyclable. E.g. if a landfill operator is fully rebated the levy on materials sold to a recycling reprocessor, any levy on the non-recyclable residuals returned by the reprocessing operator should be borne by the landfill operator, thus effectively rebating to the landfill operator the *net* volume of materials actually recycled.
 15. ACOR has no objection to the identification of a clear and discreet set of materials which are to be exempt from the levy, subject to the qualification referred to in 8. above; i.e. the exemption should apply to the net amount reprocessed or recycled, not merely everything the landfill operator "segregates for recovery".
 16. ACOR does not support an exemption from the levy for materials disposed to landfill from which methane is extracted for energy generation. ACOR **recommends** the installation of landfill gas recovery systems on all landfills over a certain size threshold should be mandatory, especially for any new landfill construction.

The Waste Avoidance and Recycling (WARE) Fund and Sustainable Future Fund (SFF)

17. Information on the SFF is limited, however as both funds are able to make provision for Local Government, ACOR **recommends** that both funds be rolled into the WARE Fund to ensure Local Government investment is directed at measures that improve resource recovery and recycling.
18. There are currently significant impediments to private investment in innovative technologies and resource recovery infrastructure, including from cumbersome state and local government development assessment processes. There is no reason in principle for local government, which already has the advantage of assessing and approving its own infrastructure projects, to be the only beneficiary of a special fund. The SFF fund, if it is to remain separate, should be available for investment in all infrastructure projects, government and private (whether developed in-house by local government or procured by local government under a service contract with a private sector infrastructure provider). ACOR **recommends** an infrastructure fund which is non-discriminatory as between public and private sector providers.
19. The Strategy has identified 26 possible Actions to be deployed. ACOR is concerned that while all Actions have some element of merit, attempting to implement all of them will distribute the available funds too thinly resulting in much bureaucratic activity but limited substantial outcomes. ACOR **recommends**:
 - a. the list be culled to a more targeted program which tackles key gains one at a time before moving on to other initiatives. ACOR is willing to assist in the filtering of Actions to a more manageable list.
 - b. the final list of Actions should be prioritised over a 5 year timetable.
20. ACOR is concerned that the Fund is described as being for “waste related programs and projects” while the SFF is for “local governments’ waste and environmental programs”. Allowing funding to be siphoned off for use in general ‘waste’ and environmental programs will only serve to dilute the focus of fund investments and undermine the effectiveness of the Strategy. ACOR **recommends** funding be prioritised specifically towards projects that deliver a demonstrable improvement in resource recovery and recycling.
21. DERM needs a clear strategy to ensure departmental administration of the Strategy does not consume more than 8-10% of the Fund (less if both funds are combined).

System Governance

22. It is essential that governance arrangements for the Strategy and the allocation of funds are geared to transparent decision-making which supports measurable improvements in clearly identified performance indicators for the Strategy.
23. ACOR **supports** the separate reporting of the Levy on waste disposal invoices issued by landfill operators to ensure transparent accounting for these funds. This is likely to be necessary anyhow as the levy, unlike the landfill gate fee, will not be subject to GST.
24. ACOR **recommends** that operators charged with collecting the levy should be subject to random audits to ensure proper accounting for the levy. Levy collections should be cross-checked with waste collection and resource recovery data to enable proper reconciliation of required fees.

25. A more comprehensive design of the project selection process for the Fund/s should be undertaken. ACOR **recommends** a special advisory panel incorporating local government and industry should be formed to develop or provide advice on the terms and conditions of the operation of the Fund/s and selection criteria for grant/subsidy applications.
26. The National Packaging Covenant Council is well served by a special Projects Committee to oversee assessment of applications for funding under the Covenant. ACOR **recommends** the Government establish a similar body to oversee the allocation of funding and make recommendations to the Minister both as to which projects to sponsor and generally as to the performance of the funding programs.
27. During the 1990's, the State Government engaged a "Queensland Recycling Council" (QRC) during the period when kerbside recycling systems were established and other recycling systems were being promoted. ACOR **recommends** the Government consider reforming such a body to oversee the Strategy and provide advice to the Minister on an Implementation Plan for it.
28. The implementation of the Strategy and funding programs should be monitored on an ongoing basis against key performance indicators. A reformed QRC could help define these criteria and undertake the role of monitoring and reviewing the Strategy, reporting to the Minister annually on its outcomes and make recommended improvements or refinements to the implementation plan or funding programs for the Minister's consideration. This would embed in the process a system of continuous improvement in the programs the Government sponsors to strive for the goals of maximum resource recovery and recycling.
29. Every effort should be made to co-ordinate regional communication and marketing programs to promote efficient consumer product choice and improved levels of source separation for recovery. State and local governments should be encouraged to pool funds towards consistent messages while allowing the campaign to be locally branded by the participating local government.
30. As with legislation for the Water Commission, the Government could consider, in due course, requiring commercial and industrial enterprises of scale, to formulate 'resource recovery plans' (like water management plans) to encourage a corporate approach to industry wide recycling wherever feasible.

Fund Investment Criteria

31. As already indicated the primary criterion for the allocation of funding should be on projects or initiatives that deliver a net improvement in the recovery and recycling of resources, product and material. Project applicants should show how their proposal will satisfy this core criterion.
32. Other than for small or community education and awareness projects, ACOR **recommends** funding for infrastructure or industry initiatives should be on a subsidised percentage basis rather than a grant for 100% of the cost. This should apply equally to local government on the same terms as industry. Applicants will be more motivated to make their investment effective if they have some 'skin in the game'.
33. With the key performance indicators identified for each funded project, each project should report periodically (but not more frequently and annually) against 'volume' targets proposed by the applicant and/or agreed by the Fund. Funding provided over

multiple years should be conditional on certain targets or milestones being met by the applicant to whom funding has been granted.

34. The 'volume' targets could include not merely landfill avoided, but materials recycled, energy saved or carbon abated, dollars invested in new product development, and percentages of material streams recovered. A range of environmental 'values' can be measured to demonstrate the benefits of resources recovered and recycled. ACOR **recommends** a range of these performance measures be monitored and reported/graphed over time.
35. Education and awareness programs will be central to improving the performance of certain aspect of the recovery system. ACOR **recommends** an approach modelled on that undertaken by the Water Commission to promote the efficient use of resources and the minimisation of waste be undertaken.

Conclusion

ACOR commends the Queensland Government on this initiative and encourages the Government to seize the opportunity to set an example for the rest of Australia in new systems for recovery and recycling of resources. ACOR stands ready to assist and advise the Government on the formulation of policy and regulation, as well as implementation advice in relation to the Strategy once finalised.