

Waste 2006 Conference

Keynote Presentation: "If you don't know where you're going, any road will take you there"

Wed 29 March 2006, 10.00 am

Ladies and gentlemen

I am pleased today to have the opportunity to make a keynote presentation to the Waste 2006 Conference.

The role of a keynote is to be provocative, and contentious if necessary. You may not agree with some, indeed all of what I am about to say, but if you have an opinion, any opinion, then I will have achieved my aim.

My title is carefully chosen. Because I think there is an element of a lack of direction in waste policy: We have not yet quite determined exactly where we want to go.

We talk, quite rightly, about sustainability. We all express good intent about maximising resource recovery, to bring about a reduction in the impact of waste on the environment, and we think that equates to a pursuit of sustainability. But is it enough?

To set the scene, all of us, whether in State, or Local Government, whether in industry or in the environment movement, we all work in the context of many drivers. These include:

- The NSW Waste Strategy, which tells us we're aiming, by 2014, to "Increase recovery and utilisation of materials from municipal sector from the current 26% to 66%"
- The NSW Local Government Act, which includes as an aim: "to require councils, councillors and council employees to have regard to the principles of ecologically sustainable development in carrying out their responsibilities".
- The Waste Avoidance and Resource Recovery 2001 Act and Regulations, which, amongst other things, gives a statutory basis to the Government's efforts to achieve Extended Producer Responsibility
- The Government's Regulations and guidelines relating to Waste Classification, landfill classes and Hazardous Waste transport and Disposal Regulations (effectively "what can go where, and who needs to know about it")
- The all important political climate, which to some extent, either directly or indirectly, pulls all our strings.

Against this complex backdrop, we all try to get on with our jobs in managing waste

I'd like to briefly visit a few aspects of that arena, all in the context of: do we know where we're going, and more importantly, do we know where we want to go?

Because, as the title suggests, if we don't know where we're going, any road will indeed take us there.

1. Alternative Waste Technology (AWT)

The mantra that developed during the 1990s was that we were in a landfill crisis. We heard dire warnings about the number of years left for us to bury our waste before we all became buried by it. Turns out the crisis was somewhat more subjective and temporary than first envisaged. Current landfills were extended, new ones were opened. However the “crisis” did act as a catalyst for two important considerations, one of them “upstream” and one of them “downstream”. Lets go downstream first.

Alternative Waste Technology, or AWT, was widely touted as a better way to deal with waste than simply burying it. If the maximum proportion of resources can be extracted in the process (whether organic, metallic or mineral), we should be left with only a small residual component for burying, and we will be closing a “loop” to make new commodities from the recovered resources.

There are, however, a few important caveats to this seemingly logical concept.

- a. AWT is expensive: to establish, and to operate.
- b. The resources recovered by AWT (whether soil conditioners or scrap metals or plastics) are not necessarily competitive, in a market place where extraction of virgin resources can be undertaken at a comparatively low cost. This can further jeopardise the financial viability of AWT, or, more likely, increase the cost to the customer.
- c. Not all AWTs are created equal, and we should not assume that AWT = good. Each type of AWT, whether a vertical composter, or energy recovery facility, or Bedminster, or UR-3R, even a “bioreactor”, even a landfill, needs to be objectively assessed for its triple bottom line (social, environmental and economic) costs and benefits.
- d. We need to be particularly cautious of AWT that actively discourages source separation. Some AWTs, whether explicitly or in an inferred way, profess to be able to accept waste with a wide variety of compositions, and levels of contamination that will make a council’s life easier in terms of how much separation they need to achieve prior to feeding the “black box”. This is not necessarily a criticism, but an important observation. Some types of AWT actually need a significant organic component for their processes to operate, and the prior removal of garden waste and paper may actually be undesirable for those processes.

Meanwhile, councils are under pressure from DEC to achieve greater levels of separation at the front end by the adoption of “best practice” bin configurations and services. Further, they are being actively discouraged from committing to landfills in future contracts. So a tension is developing here: Councils on the one hand are being strongly encouraged to pay top dollar for best practice kerbside recycling service delivery, and they also need to pay a premium to use AWT instead of landfill.

Let’s leave AWT for the moment and go upstream

2. Reduction in Consumption

The landfill crisis was also used as an impetus to ask some fundamental questions about the way we as a society consume; the way we manage our consumer durables such as whitegoods, computers and motor vehicles and the way that we package durable and single use goods.

We live in an age where it is cheaper to replace than repair, where packaged goods can cost more than loose items. The economy is geared to, and evaluated by, the volume of “throughput” of products. There is a long history associated with this, right back to the 1950s and ‘60s, when our wide-eyed respect for emerging technologies began to evolve into an acceptance of the expendability of those commodities.

This acceptance was encouraged and fuelled by the realisation by industry (it didn't take them long!) that the sooner you can replace an old product with a new product, the better the bottom line looks. The importance of having "this year's model" became industry's catch cry. More recently in the IT world, it was made a necessity, where your "old" computer won't run the latest software.

If you doubt what I'm saying, try getting a quote on repairing your mobile phone when it breaks down. Compare the cost of replacing the transmission in your four year old Hyundai Excel with buying a new model. Ask your computer repairer about having your Windows '98 computer upgraded to run Windows MX programs. All of these things can be done. But invariably you will be told, buying a new one is a cheaper option.

If you need any further proof of this, there is no better gauge of a society's wastefulness than a council clean up, such as this one happening this week in Sydney. (Pictures will be screened at this point)

Who is going to pay for the removal and disposal of these goods, including the waste levy that will ramp up significantly from this July? In this case it will be Canada Bay City Council, but it could have been any council.

No one would deny the basic principle that those corporations who market goods and encourage a frequent turnover of goods through planned obsolescence, exorbitant charges for servicing and spare parts and irresponsible packaging, should also be financially responsible for the cost of dealing with their products at end of life, an end which occurs all too soon.

Whenever governments try to reassign this responsibility upstream, however, industry are quick to reply with their catchcry: "the consumer pays one way or another, so it's much easier that they pay through their council rate system" Easier for who?

Faced with regulating industry or coercing councils into providing a better service, successive state and federal governments have historically taken the line of least resistance. So the "product stewardship" or "shared responsibility" ethic underpins our policy instruments rather than genuine Extended Producer Responsibility

3. Extended Producer Responsibility

To give our State Government its due, we have, enshrined in legislation, the principle of extended producer responsibility or EPR. It's a good start, on paper at least. The Act requires the DEC to publicly advertise each year a priority statement with respect to the extended producer responsibility schemes the Director-General proposes to recommend.

Translating that into action has, however, proven somewhat more difficult. The Act was passed in 2001. So far we have only seen one priority statement and one report to the Minister in 2005. In the mean time, industry undertook its usual ducking and weaving, and characteristic stretching of deadlines. But the EPR Reference group's report, when released, was a definitive statement of what needed to happen at the political level to properly assign responsibility to industry. It remains to be seen whether the Government has the "backbone" to do what is necessary.

Meanwhile, councils continue to take up the slack, clearing away discarded motor vehicles, chasing illegal dumpers, collecting computers, televisions and fridges from the kerbside, dealing weekly with the never ending tide of packaging. And none of us getting any younger.

4. Sustainable Procurement

Governments, be they state, local or national, represent a huge proportion of the market for goods and services. Governments have a responsibility to lead by example. Sustainable procurement is one way

that they can show this example. I am pleased that the Department of Environment and Conservation and NSW Environmental Trust have recently seen fit to extend the Local Government Buy Recycled Alliance (LGBRA), which was initiated in 2003.

This program will be significantly revamped in the next few months and will have an emphasis on sustainable, ecologically responsible purchasing. Councils were finding, in the latter stages of the LGBRA, that simply buying recycled is not enough. Councils are increasingly and quite rightly asking sophisticated questions about the sustainability of products and services that they procure. What are the greenhouse gas impacts, what are the impacts on biodiversity, what are the impacts on air quality, water quality and land degradation?

Of course it is one of the great ironies, one of the great ethical dilemmas, that products with a lower environmental and social impact tend to cost more. This should not be so, and we have made several approaches to the Australian Government to reform the taxation system to provide recycled and sustainable products with tax breaks and incentives to improve their competitiveness. Alas they are far too relaxed and comfortable basking in their record surplus budgets to even consider anything so revolutionary.

However undaunted by this ongoing hurdle, we will endeavour to achieve economies of scale for councils and broker deals on sustainable products, which, when combined with council based sustainable purchasing policies, should make councils powerful agents of change and an example to their communities. We look forward, in partnership with DEC, to guiding councils into this essential territory of sustainable purchasing.

5. City and Country Environmental Restoration Program

As most of you will be aware, the NSW Government announced, in December 2005, the City and Country Environmental Restoration Program. This program will involve five incremental increases in the waste levy from its current \$22.70 per year (and \$15.00 in the extended regulatory area) to eventually reach approximately \$56 per tonne (indexed) in 2011. It is not my role to explain the details of that program, I'm sure Tim Rogers will take us through the detail tomorrow. Briefly however, the Government estimates that the increases in the levy will raise \$773 million over five years (based on the assumption of a 3% waste decrease each year), and \$397 million of this total will be spent on environmental programs, the balance (\$339 million) on other government priorities.

Given our strident criticisms of the waste levy in the past, which we rightly described as a cynical cash cow for Treasury, making tax collectors for the state, there may have been an expectation that the Local Government Association would come out with all guns blazing, deriding the NSW Government for this massive tax hike.

In fact we have come out supportive in principle of the program. Mainly because it does itemise and commit a proportion of the funds raised for environmental initiatives and waste management, including the council rebate scheme, urban sustainability grants and access to enhanced Environmental Trust funding. I am pleased to say that the level of consultation with Local Government on the way this money will be expended is promising so far. The LGSA has recently negotiated an MOU with the DEC regarding the criteria by which this funding will be allocated.

Importantly, we have advised councils to itemise the amount they are paying to the NSW Government for the waste levy on their rate notices. This is a significant amount, as we found in 2005 when we surveyed councils to quantify their payments to the NSW Government via the waste levy. We found that for 2003-4:

- Levy Paying councils had contributed \$35 million to the Government's total levy income of \$95 million

- Several councils were paying well over a million dollars a year each , including Baulkham Hills Shire, Blacktown City, Fairfield City, Liverpool City and Sutherland Shire. And this was with the levy at approximately \$21 per tonne.

It is even more important, therefore, in the scenario of rapidly increasing levies in the next five years, for councils to itemise these amounts in their rate notices so that the community understand the reason for the increase in their rates.

6. Conclusion

I suggested in my introduction that we lack a clear vision of where we want to go with our waste management and sustainability objectives.

Part of this lack of vision might be because as stakeholders, we're all standing too close to our particular issue and we're focussed on that. Consequently, the bigger picture is blurry.

- If you're a waste operator, you're probably (and understandably) focussed on the sustainability of your business in a pretty competitive marketplace.
- If you're a council, you are facing the realities of trying to work within budget and trying to deliver a good standard of service while minimising cost increases which need to be passed on to the community.
- If you're a State agency, you have to balance altruistic aspirations for waste reduction and sustainability with political and budgetary realities in the run up to an election

As I mentioned before, we talk, quite rightly, about sustainability. But what does it mean? In the 1990s we had ambitious targets to reduce waste by 60%. Then in 2001 when we embarked on the Waste Avoidance and Resource Recovery Strategy, we settled for an objective "To hold level the total waste generated for the next 5 years (based on 2000 levels)". Meanwhile some jurisdictions have bitten the bullet and committed to zero waste targets. What, we must ask, is an acceptable objective for waste policy?

I suggest to you, and I hope I have illustrated today, that in fact, sustaining waste at 2000 levels is not sustainable, because 2000 waste levels, which reflect 2000 consumption levels, are themselves not sustainable.

Addressing consumption levels will, I feel, be the real key to bringing about true waste reduction and sustainability. At risk of labouring the point, **Sustainability does not mean sustaining our present situation.**

I believe that governments, state and local, are doing what they can within the constraints of political expediency and the significant influence that industry wields over political policy. We need to recognize and address that influence and regulate way to require producers to take genuine responsibility for what they produce.

We need to make some tough decisions now, choose where we want to go and map out a journey. Otherwise, by only dealing with the tail end of the process: the AWT, the kerbside standards, the waste tracking and disposal regulations, we will all continue to talk the talk, but we'll be walking in a big circle back to same place as we are now – consuming at unsustainable levels.

Thank you