



AUSTRALIAN INDUSTRY
GROUP

(SA BRANCH)

Stakeholder Consultation:

***South Australia's
Waste Strategy 2010 - 2015***

Due: 8 October 2010

INTRODUCTION

The Australian Industry Group

Ai Group is a leading industry association in Australia and is committed to helping Australian industry meet the challenge of change. Our focus is on building competitive industries through global integration, human capital development, productive workplace relations practices, infrastructure development and innovation.

Ai Group's SA Branch was formed out of a merger between the *Engineering Employers Association, South Australia* ('EEASA') and Ai Group. The SA Branch was created on 1 July 2009 and further builds our strong national representation.

Ai Group members operate small, medium and large businesses, and employ around 750,000 staff in a number of industry sectors. Many members are in resource intensive industries, and the generation of waste and residues as a by-product of industrial processes remains a major issue for management of compliance and costs.

We have significant membership in the electrical and electronic manufacturing and ICT sectors, where product stewardship, e-waste and eco-design are key issues. Other members are directly involved in waste management and disposal, resource recovery or recycling.

Ai Group is closely affiliated with more than 50 other employer groups in Australia alone and directly manages a number of those organisations, including the Australian Constructors Association. Together, Ai Group and its affiliates represent the interests of approximately 60,000 businesses which employ in excess of 1.2 million staff across Australia and the world.

Ai Group provides an extensive range of advisory services to member companies in the areas of industrial relations, human resource management, OHS&W, workers' compensation, environment, education, training, industry development and economic performance.

Consultation on the waste strategy

Given the breadth of Ai Group's industry representation, state and national environmental regulatory developments are of particular interest. It is therefore disappointing that Ai Group has been omitted from the list of key stakeholders contained in *South Australia's Waste Strategy 2010-2015* ('the Draft Strategy').

Zero Waste SA (ZWSA) proposes to amend the 2005-2010 Strategy with a view to updating and refreshing its goals and objectives. In August 2010 ZWSA released a discussion paper describing the proposed changes. Ai Group is pleased to provide the following feedback on the Draft Strategy.

Need for National Consistency

Ai Group supports the development of a South Australian strategy which is consistent with the National Waste Strategy framework, and which assists the move towards national consistency and reduced duplication in environmental regulation. While Ai Group is broadly supportive of the long-term strategic objectives articulated in the Draft Strategy, we advocate that the strategy be underpinned by the requirement that waste policies **achieve net community benefits**. Development of initiatives should be informed by detailed and specific cost benefit analysis.

Industry in Australia incurs significant administrative and compliance costs as a result of inconsistent environmental management policies and regulations across jurisdictions. These include duplication in reporting requirements and differing waste categories, definitions and acceptance criteria.

Companies operating across state boundaries need to invest resources in understanding and complying with up to seven different sets of State environmental laws, regulations and policies. Federal and local government environmental regulation can add further complexities.

The compliance burden on our members is compounded by internal resource constraints. Ai Group's surveys have identified that 54% of firms have no staff dedicated to environment responsibilities.

Regulatory complexity and differing State requirements further increase the difficulty for Ai Group members in conducting company-wide training or implementing company-wide policies on specific environmental matters. This can result in diversion of resources away from achieving improved environmental outcomes.

As we advocate below, it would be desirable to move over time to nationally coordinated and consistent Waste Policy, in much the same way as is currently being achieved in occupational health and safety (OHS) laws. The OHS exercise has illustrated that with sufficient goodwill, such a regime can be achieved whilst maintaining flexibility and appropriate tailoring for context. We also advocate below that significant emphasis should be maintained on the delivery of net community benefits through the Draft Strategy.

In our view, national consistency in the overall design and structure of the Draft Strategy would avoid unintended outcomes, improve efficiency and in doing so, reduce greenhouse emissions.

State Budget Context - the Solid Waste Levy to increase from 2011

Ai Group notes that the Draft Strategy for the next five years remains focussed on reducing waste going to landfill.

Ai Group is concerned that the Draft Strategy places insufficient emphasis on the development of supporting infrastructure and markets for diverted material. We note that the global recession affected the prices for recycled materials significantly, making some forms of recycling commercially marginal or unviable, and diminishing the achievability of waste diversion targets under previous policy settings.

South Australia's 2010-2011 State Budget (delivered 16 September 2010), signals significant increases in the solid waste levy from July 2011. The levy will increase from the current \$26 per tonne to \$35 per tonne. Post 2012, the levy is forecast to progressively increase to at least \$50 per tonne, although no specific time has been announced for these further increases. These increases will have a significant cost impact on business.

Ai Group advocates allocation of funding generated by the levy to scientific research and testing of beneficial reuse to enable the EPA, as the key regulator, to verify such processes. At the moment, industry continues to bear both the scientific and testing costs and the increased levy charges.

Ai Group does not support simple increases in the waste levy which, of itself, may do little to address the institutional, regulatory and market barriers to efficient and sustainable waste avoidance, minimisation and resource recovery. In this regard, objective 9 of the Draft Strategy, “Develop markets and remove barriers to the use of secondary materials” is particularly welcome.

CASE STUDY – USED FOUNDRY SAND

Barriers to the re-use of foundry sand are an example of the need to look beyond levies. For example, the mandatory limit of 0.5ppm set out in the SA EPA’s Authority’s *Waste Derived Fill* guidelines is significantly lower than that adopted by environmental agencies in the Eastern Australian states.

Further, the hurdles that industry in this State has had to overcome in order to reuse foundry sand are a case study for the diversion of other materials from landfill. There have been issues at every step, including the seemingly intractable distinction between a ‘product’ and a ‘waste’. It is possible for a material defined as a ‘waste’ in South Australia to be a ‘product’ in other jurisdictions. Subject to compliance in the source jurisdiction, it is possible (under free trade between States) for such a product to be freely imported into South Australia from another jurisdiction and used without restriction.

The result of such anomalies is that South Australian industry is placed at a disadvantage; potentially useful materials are effectively mandated for dumping to landfill at an ever increasing cost; and virgin materials are quarried unnecessarily. In spirit and effect, this outcome is exactly the opposite of that envisaged under the waste hierarchy.

The following example highlights the importance of nationally consistent waste policy.

In the *Waste Derived Fill Protocol* recently published by the EPA, ‘waste fill’ is characterised by its origin rather than its content. Under the Protocol, ‘virgin fill’ is *deemed* not to be contaminated merely because of its origin, notwithstanding that it

could in fact contain higher levels of potentially undesirable substances (for example metals) than a waste fill material.

Further, the Protocol does not provide for any State based EPA exemption. Such exemptions are commonly used in other jurisdictions (for example the Used Foundry Sand Exemption in NSW) and facilitate the use of industrial waste products in well defined applications without the requirement for specific approval every time the material is used.

There are issues with reporting, including unnecessary red-tape for industry, and defining stockpiling limits, as well as the requirement for immediate use. There are also issues of inconsistency. An example is the EPA's blanket ban on 'dilution' as a means of dealing with contaminant levels in reused waste materials. This rigid approach seems at odds with the Authority's endorsement of dilution in its Biosolids Guideline.

On that same issue, Ai Group member companies involved in composting have advised us that current and emerging technologies are highly effective in deriving a safe and useful product from waste, but that these can be very land-intensive and currently remain commercially marginal. Transporting the end-product to customers can also be very expensive. However, any Emissions Trading Scheme that is eventually agreed is expected to provide a growing incentive to divert organics, capture their methane and/ or convert them to energy.

Ai Group is very keen to work closely with the State Government in shaping waste policies, including sectoral approaches, and in the development and delivery of capacity building in industry to accelerate the uptake of sustainable business practices. The Victorian Sustainability Covenant is a good example of a practical joint government/industry initiative which is achieving reductions in hazardous waste going to landfill.

Moving industry's regulatory goalposts

In all aspects of industry regulation it is a prime concern that there be no erosion of the competitiveness of Australian firms against overseas competitors, or of South

Australian firms against enterprises in other States. In our view, this should be a key consideration in setting the parameters of the Draft Strategy.

In relation to all matters that require a “resetting of the [regulatory] goals” for industry, Ai Group advocates that a “no surprises” approach be implemented. In such cases we ask to be brought “into the tent” in the deliberations. We have consistently found that this approach has produced better outcomes in light of a fuller awareness of industry’s views.

General Ai Group commentary and key ‘waste’ principles

Ai Group is broadly supportive of the principles underpinning the Draft Strategy: waste hierarchy, ecologically sustainable development, best practice methods and standards, and open dialogue.

Ai Group fully supports Principle 4 – *“Open dialogue with local government, industry and the community is fundamental to improvements in waste management, as is encouragement for these sectors to contribute.”*

Ai Group notes that the revised Strategy will guide policy development. Its implementation will fulfil South Australia’s Strategic Plan¹ target to reduce waste and will also address recommendations made in the State of the Environment Report for South Australia 2008.

Ai Group made detailed submissions to the National Waste Policy Consultation Paper: *A National Waste Policy: Managing Waste to 2020*, in May 2009. That paper has been appended for your reference and consideration. Consistent with our previous submissions, and indeed with the national policy ultimately adopted, we would submit that there are additional relevant, important and complementary principles that should be included in the final Strategy. They are:

¹ In this respect, we note that South Australia’s Strategic Plan is currently being redrawn and targets are necessarily being reassessed.

1. Great emphasis should be given to the Strategy's achievement of **net community benefits**².
2. Support for **nationally coordinated and consistent policy**, with appropriate flexibility and tailoring for context. This includes standardisation of process and terminology as much as possible, to ensure that where jurisdictions do implement different policies, they are transparent variations within a common framework;
3. The importance of **practical assistance and support** to business, industry and the community to enable achievement of the Strategy's objectives; and
4. That formal notice should of course be taken of the EPHC's current *Review of the Harmonisation of Environmental Regulation*, with particular respect to the **harmonisation** of differing waste categories, definitions, rules and practices.

Emphasis on achievement of 'net community benefit'

As submitted above, Ai Group supports a move towards a 'net community benefits' approach, which is responsive to the real – and changing – costs and benefits of waste, and which enables responsibility for dealing with waste to be placed where it can most efficiently be discharged. In our submission, these calculations would differ substantially between different sectors and product categories. Such an approach should include recognition of the strategic role of modern landfills and advanced energy recovery facilities in the waste infrastructure.

Accordingly, an assessment of the net community benefits of the Strategy actually acquires the status of a 'threshold' or 'gatekeeper' requirement upon which the Strategy's objectives and priorities are assessed and later implemented. Follow-up review should assess whether the anticipated community benefits were achieved and thus inform future Strategy priorities.

² Ai Group considers that in development of waste policy, consideration should be given to a number of the issues raised in the Productivity Commission's 2006 Report on Waste Management. That report advocated an approach to waste management that incorporates:

- a focus on reducing risks to human health, the environment and social amenity;
- rigorous cost benefit analysis of the range of options for addressing genuine risks, including both upstream regulation and the option of doing nothing; and
- pursuit of only those options with the highest net community benefits.

Commentary on the Draft Strategy itself

We are pleased to note that the first *Waste Strategy* significantly reduced the waste going to South Australia's landfills. We observe that this achievement was made without hefty hikes to Solid Waste levies. Pleasingly, South Australia has rapidly improved in a short period and now ranks amongst the leaders in Australian and global waste management reform and resource recovery.

As noted above, Ai Group has been omitted from the Draft Strategy as a key industry stakeholder.³ We understand that this omission was not intentional. Notwithstanding this, as a leading national industry organisation that maintains a key interest in the broad range of environmental issues, Ai Group seeks to be closely engaged in all levels of consultation.

Ai Group is very pleased to note that ZWSA intends to realise the objectives and targets of this and future strategies through consultation and successful cooperation with a range of stakeholders to identify priorities and areas of interest. Again, we have been assured that this includes liaison with Ai Group and its members and will be articulated in the final strategy.

Achieving increased industry uptake of sustainable business practices

Ai Group is very keen to work closely with the State Government in shaping waste policies, including sectoral approaches, and in the development and delivery of capacity building in industry to accelerate the uptake of sustainable business practices. Ai Group's Sustainability Covenant with EPA Victoria is a good example of a practical joint government/industry initiative which is achieving reductions in hazardous waste going to landfill.

The results from the Ai Group and Sustainability Victoria 2007 national survey *Environmental Sustainability and Industry: roadmap to a sustainable future* (available on the Ai Group website) found that many companies do not have the internal capability or resources to identify opportunities to reduce or avoid waste. 54% of firms had no staff with environment responsibilities. The lack of environment skills

³ At page 21 of the Draft Strategy.

within a company severely limits its ability to identify and implement opportunities for improved environmental management.

Key results from the survey include:

- just under 15% of companies have initiated changes that have contributed to savings in solid waste generated;
- the chemicals, petroleum and coal products sector along with wood, wood products and furniture incur the largest cost in solid waste management (as a percentage of sales) in the production chain; and
- one in every two companies recycle their solid waste.

Clearly there are important opportunities to assist industry with their sustainable waste avoidance, minimisation and reuse practices. Businesses require technical advice and support in reducing their waste, from product design, through to identification of recycling and reuse opportunities. Consistent, accurate and up-to-date information on what can and cannot be recycled will help manage all waste streams better.

Ai Group would welcome the opportunity to partner with Zero Waste SA to leverage our strong industry links and experience delivery of practical support to industry in the achievement of the following Strategy objectives:

1. Capture and report industry and business experiences in the form of case studies for use by others;
2. Encourage industry training and awareness;
3. Promote green business innovation;
4. Fund the expansion of Resource Efficiency Initiatives to include accreditation schemes;
5. Involve greater numbers of businesses, especially SMEs, in work recycling and Resource Efficiency Programs;
6. Identify business leaders who can assist with industry education and enable change across sectors and through supply chains;
7. Promote source separation wherever feasible;
8. Encourage salvaging and re-use of building materials;
9. Engage industry training and association bodies to implement apprentice training that includes avoidance, reduction and recycling within a sustainability context; and

10. Promote better design of the built environment and adoption of new and more sustainable building materials.

Ai Group has a strong track record in the delivery of government funded projects. For example, Ai Group has a demonstrated capacity, should it be deemed appropriate, to be able to deliver initiatives such as:

- the roll-out of the '5-star' sustainability tool;
- (subject to funding) supporting and delivering a continuing series of *Environmental Solutions Forums* as a means of educating industry on innovative solutions; and
- (subject to funding for appointment of additional resources) assisting industry with the identification and implementation of waste reduction and avoidance opportunities, and developing case studies on the outcomes for broader industry dissemination.

Roles and relationships

Looking at the “Roles and Relationships” within the Draft Strategy, industry is jointly viewed as waste generator and as a key partner with the community and State and local governments.

Properly, the Draft Strategy also recognises that its goals and targets are to be achieved only through effective partnerships between the State Government, industry, local government and the community.

Ai Group would point out that ‘industry’ is acutely aware of its costs and the effect that ‘waste’ has on its bottom line. Many participants in industry apply productivity and efficiency measures to remain competitive in a truly global market-place. The manufacturing industry itself has embraced efficiency measures that encompass waste, such as Kaizan and TPS. Indeed Ai Group itself hosts an officer of JMAC in its Adelaide office under an MOU with that well respected organisation.⁴ Waste

⁴ JMA Consultants Inc. (JMAC) was established, in 1942, within the Japan Management Association (a non-profit organisation), as a governmental support structure aimed at the promotion of managerial efficiency within Japanese industry. For the last half century, JMAC has developed a strong tradition of tackling the key issues confronting industry. JMAC provides its clients with consulting services for all management fields, including areas such as management strategy, marketing, human resources/organisation, research and development, production and logistics, and IT. JMAC seeks to

minimisation and production inefficiency are primary targets of JMAC's interaction with Australian companies.

In many cases exporters and international companies already produce products that must comply with one or more international standards, such as the EU Directives on Restriction on Hazardous Substances (RoHS), Waste Electrical and Electronic Equipment (WEEE), and Energy-using Products (EuP).⁵ More and more often, companies are required to provide their environmental credentials by customers or potential customers and such demands are driving environmental improvements. Obviously, efficient waste management is one aspect of this complex puzzle.

In any event, industry is proactive in this respect and keen to uptake efficiency measures, particularly where there is a productivity dividend. Again emphasising the 'net community benefit' approach, it is important that waste associated red-tape does not unduly hinder the uptake of the "reuse, recycle, recover" mantra. Neither will simple increases in landfill fees achieve the best outcomes for the broader community, as these will merely be passed on by industry. Clearly, the "more thoughtful approach" needs to be embraced at all levels to maximise sustainable outcomes, thereby encouraging behaviour change at a broader level.

We further note and *prima facie* concur with the two stated objectives of the Draft Strategy that seek to both maximise the value of our resources, and avoid and reduce waste. Ai Group agrees that the two objectives are inter-related, and that some actions apply to both.

In our view, the following Draft Strategy objectives are most likely to have some industry interface:

1. Capture and report industry and business experiences in the form of case studies for use by others;

continue making a contribution to global industry, through utilising its unique competence as trusted professionals, and by serving as a driving force behind a new generation of innovation.

⁵ Whilst domestic uncertainty might be reduced if one or more of these frameworks were adopted domestically, this should only be done after thorough analysis and regulatory impact assessment showed that net benefits to the community would result.

2. Monitor industry investment, change in perceptions and importance of environmental issues;
3. Promote EPA sustainability licences that incorporate sustainability measures
4. Encourage industry training and awareness;
5. Promote green business innovation;
6. Fund the expansion of resource efficiency initiatives to include accreditation schemes;
7. Involve greater numbers of businesses, especially SME and retail sectors in work recycling and resource efficiency programs;
8. Identify business leaders who can assist with industry education and enable change across sectors and through supply chains;
9. Develop markets and remove barriers to the use of secondary materials;
10. Improve the quality of recycled materials ensuring fit for purpose;
11. Support the implementation of the *Environment Protection (Waste to Resources) Policy*;
12. Promote source separation wherever feasible;
13. Embed waste reduction and management practices in TAFE courses;
14. Encourage salvaging and re-use of building materials;
15. Ensure planning decisions take account of waste generation and waste reduction;
16. Promote green procurement, especially in the government sector;
17. Apply financial instruments to drive change;
18. Engage industry training and association bodies to implement apprentice training that includes avoidance, reduction and recycling within a sustainability context;
19. Promote better design of the built environment and adoption of new and more sustainable building materials;
20. Encourage use of less toxic alternatives in industry and in households, reducing hazards, injuries and health impacts; and
21. Provide convenient drop-off facilities for unwanted household and farm hazardous materials.

We note that objectives 9 and 10 appear to align with the sorts of issues discussed above – particularly the reuse of used foundry sand – an issue of importance to some Ai Group members.

Other aspects of the Strategy

Other aspects of this part of the Strategy may also be relevant to Ai Group members: A brief examination of the obstacles to achieving the Commercial and Industrial Waste targets, as well as the identified actions, clearly illustrates areas in which the Ai Group's interface with industry could be of assistance in implementing the Strategy.

Actions identified in the Draft Strategy to tackle the various obstacles are:

- encourage the consolidation of collection services and encourage infrastructure development within precincts;
- undertake ongoing education and awareness to encourage the take-up of recycling services;
- support the development of new markets and products from recycled materials; and
- the use of government purchasing to support the development of markets for recycled products.

Similar considerations apply to the obstacles and actions relevant to Construction and Demolition Waste, noting that the Ai Group, as a large industry association, has the capacity and commonality of interest to work with the large industry re-processors in respect of an increasing market acceptance of recycled materials.

Some Ai Group members have noted the scope for greater commercially viable recovery of demolition materials, particularly concrete. The principal barriers identified were poor understanding by potential customers of the value and performance of recycled construction materials, and a widespread failure to segregate materials during demolition.

Without segregation, recycling is not viable and construction firms must pay to landfill their waste, rather than inexpensively recycling it. However, segregation takes time and demolition is often expedited in order to meet project schedules. (Ai Group would note that many major project contractors have already adopted segregation strategies.)

Ai Group can engage with its industry membership and take advantage of interstate experience on guidelines to support research, to reduce contamination through

education, work with industry to ensure that products are fit for purpose and encourage the forward purchase of materials.

CONCLUDING COMMENTS

Properly, the Draft Strategy sets key principles, underpinned by long term strategic objectives and priorities. These are to be developed into actions and initiatives delivered primarily through Zero Waste SA's *Annual Business Plan* and direction statements as well as through partnerships and collaborations. In these submissions, Ai Group has proposed some further key principles that we believe will strengthen the Draft Strategy.

It is also appropriate for the new Strategy to inform ZWSA's Business Plan, and guide its activities across government.

In closing, we emphasise our view that national and state waste strategies should explicitly adopt a requirement that waste policies **achieve net community benefits** and be underpinned by detailed and specific cost benefit analysis. Ai Group also believes that landfill must continue to comprise an essential element of an efficient waste management system.

Businesses require technical advice and support in reducing their waste, from product design, through to identification of recycling and reuse opportunities. Consistent, accurate and up-to-date information on what can and cannot be recycled will help manage all waste streams better.

On behalf of its significant industry membership, Ai Group is keen to play its part in the formulation of *South Australia's Waste Strategy 2010 - 2015*. We are confident that it will build upon the good work achieved so far, take advantage of an improved national focus, and recognise sustainability as a key principle for prosperity.

On behalf of the Australian Industry Group, we have appreciated the opportunity to provide our views on an issue of key interest to our South Australian membership.

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