



Issues and challenges facing the



By Anne Prince
ACOR's CEO

The Australian Council of Recyclers (ACOR) is the peak resource recovery organization in Australia. Our mission is to encourage governments, industry and the public to take actions that advance the optimal use of Australia's secondary materials and to facilitate the removal of barriers that hinder effective recycling and reprocessing. Our members currently process more than 11,300,000 tonnes of material otherwise destined for landfill and directly employ over 5,000 people in resource recovery activities.

Market based instruments driving a waste management revolution in the UK

The UK Government has instituted a world leading system that has seen recycling of household waste alone double in just 3 years, from 13% in 2001-2 to 24% in 2004 -5. ACOR commissioned John Cook who has recently returned from a UK study tour to prepare this article which seeks explore the rationale and explain the operation of this landmark approach to improving the sustainability of waste management.

What has been driving such rapid change in the UK, when previous Australian targets like "50% reduction in waste to landfill by the year 2000" are now seen as mere pointers to inaction? The European Commission's Landfill Directive requiring all countries to comply with stringent targets and tight time-frames (something that is lacking on the Australian political landscape) has been the driver for change. The UK in an effort to play catch up to the rest of Europe has introduced some of the most effective market based instruments (MBIs) ever seen in the world of waste management.

The Landfill Directive: The Landfill Directive has arisen because of a European desire to reduce the impacts of climate change and pollution. Given the potential of organics (paper, food and garden waste) to degrade in landfill, generating methane and contributing to global warming, the Landfill Directive seeks to reduce the degradable fraction being landfilled in the interests of sustainability and to improve resource recovery. Targets are based on the amount of organics landfilled which is measured in terms of Biodegradable Municipal Waste (BMW). In England each tonne of MSW is deemed to contain 68% or 0.68 tonnes of BMW. The UK targets require that by 2010 the amount of BMW going to landfill will be reduced to 75% of the 1995 figure, then to only 50% by 2013 and to just 35% by 2020.

The only way to realistically meet these targets is by rapidly building new infrastructure for recycling, composting and using Mechanical Biological Treatment (MBT) and incineration of MSW. Australia's own company Global Renewables has just won a \$6 billion contract to process 765,000 tonnes of MSW per year in Lancashire UK, using the UR-3R technology.

Understanding BMW reduction goals is fundamental to understanding what is driving change in the UK. This is a hard, objective target with national and international drivers.

Mechanisms to support change and make things happen include:

Sticks:

- **Landfill Tax:** for MSW is currently at £18/T and rising by 3/T each year until £35/T. Inert and in active materials are charged £2/T.
- **Aggregates Tax:** introduced to reduce the environmental impact from quarrying and to stimulate the rate of recycling of construction materials. All excavated materials e.g. sand, gravel and crushed rock except shale are taxed at £1.60/T. 10% or £29.3M of the funds raised are directed to the Aggregates Levy Sustainability Fund for rehabilitation projects while 90% of the funds provide a small reduction in National Insurance Contributions.
- **Fines:** Should Councils exceed their BMW allowances, fines of £150/T are imposed.

Carrots:

Landfill tax has been used to offer the following programs:

- Waste Minimisation and Recycling Fund for local government recycling and composting programs, 2002-6 funding available £270 M.
- Business Resource Efficiency & Waste Program, 2005-8 funding available £284 M
- £631M available in 25 year loans to councils as Private Finance Initiatives
- **Landfill Allowance Trading Scheme (LATS):** the world's first scheme started in April 2005 assigning every Waste Disposal Authority an allowance for BMW to landfill for each year from 2005-6 to 2019-20. WDAs can put in the infrastructure to meet allowance targets or bank, borrow or trade allowances with other WDAs.

Should an Authority wish to trade, an electronic register of allowances is established and a Bulletin Board posts notices for buying and selling with price varying depending upon supply and demand. The first sale of landfill allocations recently took place in Hampshire where due to excess capacity it sold 138,000 T of its 2005-6 allocation for £2.7M so the market price for reducing 1 tonne of BMW going to landfill is equivalent to A\$47. It is likely the price will increase as compliance becomes harder over future years. The contrast

ACOR members include:



Alcoa Australia
Rolled Products



resource recovery sector

with Australia couldn't be more obvious: our councils are financially encouraged to seek lowest cost landfill disposal, and are not rewarded for recycling ahead of any "target". UK councils are rewarded for recycling.

Mechanical Biological Treatment (MBT): A new guide for (MBT) outputs was issued in June 2005 where outputs can be used in reclamation, restoration or improvement to land. They will be exempted from the need for a waste management licence where an agricultural or ecological improvement results (max 2 M depth and 20,000 m³/Ha). Stabilised MBT outputs may be used for daily or intermediate landfill cover as long as they comply with landfill licence conditions.

Lessons learnt for Australia?

- National targets are needed that drive recycling to reduce significant environment impacts such as resource depletion and climate change.
- Australian recycling will accelerate like UK recycling only to the extent that more recycling is better business than more disposal.
- Targets for each year are very effective drivers. Because the Australian targets are mere visions, three or more state elections away, they are meaningless.
- MBIs really do make strategies work.
- Landfill taxes must be relevant to the potential for environmental harm to be meaningful.
- Taxes on residues from recycling and processing plants should be zero or only a small fraction of that for biodegradable material.
- LATS provides infrastructure at minimum cost, as infrastructure will be placed where reduction in

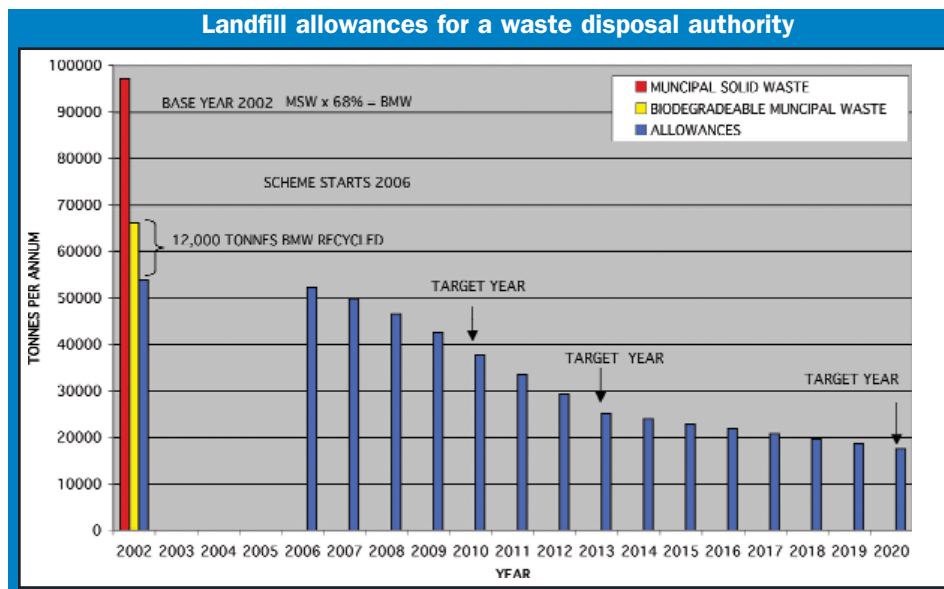


Chart above shows the current and future allowances for the Bath and NE Somerset Authority. Population 175,000, MSW generation 97,000 T in 2001-2 with a 68% biodegradable content equates to 66,000 T of BMW. However the region is already recycling 12,000 T of BMW so the allowance is set at 54,000 T reducing to 18,000 T in 2019-20, irrespective of changes in population.

biodegradable matter can be achieved at the lowest cost.

- A substantial proportion of the revenues from landfill taxes must go back into the market place to stimulate ongoing investment.

ACOR has engaged consultants to research and prepare a report titled *Eco-Services from the Resource Recovery Industry – A Market Based Approach*. We are currently seeking to meet with all state and federal government policy makers to outline our current thinking on the use of MBIs to stimulate greater resource recovery and make Australia's current visions a reality. Following this briefing the report will be released publicly.

NSW Government gets it wrong on recycling – again

ACOR members are concerned about the proposed provisions of the *Protection of the Environment Operations (Waste) Regulations – in respect to covered loads*. ACOR has no issue with general requirements for loads to be covered where there is a risk of littering and/or damage to the environment. However, a blanket requirement will add unnecessary cost where no such risk applies:

- The weight and interlocking nature of many heavy recyclables makes it extremely unlikely that they will become dislodged during transport.
- Tarpaulins are often too flimsy to be effective. Loads of metals are typically secured using heavy steel chains or covering the load with heavy items (such as flattened cars), often weighing upwards of a tonne.
- Steel delivered to a fabricator is not assumed to be a risk to the environment but the same steel delivered to recycling plants is treated as a risk by this regulation.

Both are inert materials. Equally, the environmental risk of a tyre does not change during its lifecycle.

- The proposed requirement will add unnecessary costs to the recycling process. We should all be working to encourage recycling, not imposing costs on the process.

The NSW RTA supports current transport practices, provided normal road and safe loading rules are adhered to. The outcome required by the RTA (public safety) is not negotiable, but the process undertaken to achieve the outcome is the responsibility of the carrier. The RTA's approach is suitable for the protection of road users and we believe a similar methodology should apply to the protection of the environment.

The regulations should exempt the transport of recyclable materials that are unlikely to cause litter during transport and are environmentally inert.

Feedback on issues - ACOR are interested in your views and feedback on the issues raised in this issue. To submit anonymous responses please go to www.acor.org.au/feedback

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