National Waste and Recycling Taskforce
Department of Environment and Energy
GPO Box 787
CANBERRA ACT 2601

Email: coagwasteexportban@environment.gov.au

6 December 2019

Dear Sir/Madam

Re: Banning exports of waste plastic, paper, glass and tyres

The Waste Management and Resource Recovery Association of Australia (WMRR) welcomes the opportunity to provide feedback on the Department of Environment and Energy's discussion paper on implementing the August 2019 decision of the Council of Australian Governments: *Banning exports of waste plastic, paper, glass and tyres.* WMRR supports a well-thought-out and considered ban, which is one that is rolled out within a reasonable timeframe and importantly, supported by policy, regulatory, and funding pathways and frameworks that ensure the development and viability of on-shore reprocessing, remanufacturing, and end markets for post-consumer recyclate.

The waste and resource recovery (WARR) industry supports the ban in theory, as it recognises that the ban presents an opportunity to create domestic demand for post-consumer recyclate that was previously exported and traded with countries as material inputs into their manufacturing processes. If done well, the ban has the opportunity to significantly shift Australia's paradigm, recognising the value of these resources in Australia and growing a domestic remanufacturing sector in Australia. However, there must also be acknowledgement that Australia is a net importer of a significant volume of these materials and as such, any policy must consider both the existing and established export markets for certain products that are valued as material inputs into manufacturing globally, while building domestic on-shore markets for the remaining post-consumer recyclate. The waste and resource recovery industry is keen to continue working with government towards a balanced outcome that drives positive economic, environment, and community outcomes, while recognising that Australia is part of a global economy that cannot utilise all materials domestically due to the unregulated nature and volume of import materials.

<u>Definitions</u>
It is vital that there is real clarity and definition on what exact material within the four (4) streams are subject to the ban in order to effectively understand volume and impact, current and future remanufacturing infrastructure requirements, and necessary market levers. At present, the November 2019 MEM resolution proposes the bans will be rolled out as follows:

- all waste glass by July 2020;
- mixed waste plastic by July 2021;
- all whole tyres including baled tyres by December 2021; and
- remaining waste products including mixed paper and cardboard by no later than 30 June 2022.

Some of the stated products such as tyres and glass are more heterogeneous in type and possibly definition, however others such as plastics have many different categories (e.g. plastic polymers), with different purposes (e.g. packaging, industrial, agricultural) as well as different qualities, markets, and demands. There is no doubt that all of these materials play a role in both local, national, and international markets and as such, they all need active consideration within these frameworks, requiring real clarity in order to not disrupt existing markets and contracts.

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There is concern that the proposed bans are predicated on the fact that they apply to all recyclable materials indiscriminately and without regard to the bans' intent or the inadvertent consequences. Further, the consultation paper as drafted simply reinforces a linear approach to materials, with potentially additional cost on the waste and resource recovery industry to further process prior to export (e.g. pulping paper) and lacks any attempt to grow on-shore markets or demand for the materials.

Recommendations:

(a) The bans and all supporting policies, strategies, funding, and planning must be developed on a stream-by-stream/material type basis (see Table 1).

(b) The federal government should not interfere with established export and global markets and must consider exempting finished products from the ban. To facilitate sensible decision-making, the federal government must provide definitions for all material streams as well as what constitutes "processed" and "finished" and whether these can and should be exempted if there are export markets and meet export grade.

(c) WMRR recommends that the federal government considers the internationally accepted Institute of Scrap Recycling Industries Inc. (ISRI) standards in its 2018 *Guidelines for non-ferrous scrap, ferrous scrap, glass cullet, paper stock, plastic scrap, electronics scrap, tire scrap*, which detail the standards and specifications constructed to represent the acceptable quality, grade, or composition of sorted materials bought and sold in global markets. These specifications are used globally to trade various commodities. Table 1 is an example of what could be permissible and reflects the ISRI guideline.

Table 1- Proposed impacted material

Material	Streams/type		Export permissable
Paper	Unsorted MRF fibre		n
	Sorted MRF fibre	Sorted MRF ONP (97% purity)	y
		Sorted MRF OCC (95% purity)	y
		Sorted MRF mixed paper (97% purity)	y
		Sorted MRF office white (95% purity)	y
		Processed unbleached kraft	y
		Bleached mechanical	y
		Mechanical Pulp	y
Plastic	Commercial LDPE, HDPE, film	HDPE: 95% purity, LDPE: 98% purity	y
	MRF mixed plastic bottles		n
	Sorted PET bottles		n
	Sorted HDPE bottles		n
	Sorted other bottles		n
	Washed and flaked plastic		y
	Washed, flaked, pelletised plastic		y
Glass	MRF mixed glass bottles		n
	MRF colour sorted bottles		n
		Washed and crushed – mixed (95% purity)	y
		Washed and crushed - colour sorted (95% purity)	y
		Beneficiated cullets (95% purity)	y
Tyres	Whole tyres		n
	Quartered tyres		n
	Crumbed, sized, sorted, shredded	95-99% purity depending on size.	y

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Impacted materials and markets

WMRR is urging federal and state governments to acknowledge, understand, and recognise that the sector does not create the materials that were traditionally exported, we simply receive them in what continues to be a linear (take, make, dispose) economy in Australia. This thinking has resulted in an over-emphasis on both the waste and resource recovery industry and local government collecting and funding this service, and it is frightfully evident that this supposition continues to be accepted, given the current paper on exhibition simply emphasises additional processing requirements and does little, if anything, to affect design, market demand for materials, eliminating problematic materials or the fact that Australia is a net importer of the majority of impacted materials.

In order for the proposed ban to both be effective and successful, it is vital that there are interventions in the entire supply chain in Australia including packaging design, material selection, recycled content, and government procurement. In the absence of these levers also being pulled by government, the ban will simply result in industry's existing kerbside receival and sorting, given the lack of end market, resulting in significant loss of jobs and the undermining of investment within industry.

The waste streams captured in the ban, with the exception of tyres, are the result of kerbside collection of largely packaging material found in the yellow recycling bin. However, despite the mandated bans having an impact on the WARR industry, and the bans being proposed to commence from 2020, there is a severe lack of emphasis in Australia on the creation and design of these products, with only voluntary packaging targets in place and, even then, not until 2025 for a great many of these.

This lack of understanding of the impact that packaging is having (and that it was the predominant material that was impacted by the introduction of China's National Sword Policy almost two years ago), coupled with the failure to-date in holding polluters and waste generators accountable for part of the cost of managing their end-of-life materials, as well as requiring the re-using of post-consumer recyclate (when packaging waste can in fact be returned to packaging with the right investment and regulatory signals) have stood in the way of Australia's successful post-China transition and is in industry's view, a major impediment to the success of the COAG bans.

WMRR is wholly concerned that too little emphasis, thought, and consideration have been, and continues to be placed on driving market demand for post-consumer recyclate and recycled products. Requiring producer responsibility, implementing funding models that result in polluter-pays, enforceable targets with penalties, and rolling out levers and incentives that disincentivise virgin-use are all tools and polices that have been introduced by other OECD nations over recent years, but not in Australia. If this lack of emphasis and intervention continues on the remainder of the supply chain, it will result in perverse outcomes of the ban, for instance, an increase in volumes sent to landfill, or worse, illegally dumped.

To reiterate again, the waste and resource recovery industry is end-of-pipe - we are the receivers of materials, not the generators of them. As such, if material recovery facilities (MRFs) are unable to sell or process materials they receive, they will not receive them. What is likely to happen is MRFs will activate the "change of law" clause in their contracts resulting in claims for contracts to be adjusted and to remove those materials subject to the bans in the absence of on-shore markets. For MRFs to continue to collect these materials that are not able to be recycled in Australia or overseas would simply lead to ongoing disputes over the cost of landfilling and contractual requirement to recycle.

Recommendations:

(a) Australia must follow in the footsteps of other OECD nations and the Plastics Pact and think about product design, as a start, moving away from using polymers other than PET(1), HDPE(2) and potentially PPL(4) for packaging (noting this move was foreshadowed as early as 2015 by the Ellen Macarthur Foundation's *New Plastics Economy*). The remaining polymers must be designed out. To facilitate this,

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design standards must be developed and rolled out alongside the bans, with the same mandated timeframes.

(b) Australia must consider participating in the Plastic Pact, as seen in Europe (and increasingly globally).

(c) The current voluntary Australian Packaging Covenant Organisation has not been successful and it is all the more important, with the bans coming into play in 2020, that Australia uses its Product Stewardship Act to introduce a mandated Product Stewardship Scheme for packaging with the same timeframes as the bans, to ensure producers meet their obligations. The governments' determination to ban these products for export must be coupled with a similar mandated approach to the creation at first instance of these materials. In the absence of this and given that the majority of waste materials are packaging, the ban dates must align with current packaging targets of 2025 for glass, paper and plastics.

(d) The federal government has taxation powers and must exercise them. If we are to regulate the export of these materials, a large proportion of which are imported and not manufactured in Australia, then taxation on virgin materials should also be used to incentivise the re-use of these materials domestically. This is not a novel idea; France and England have gone down this path and Australia must follow suit.

(e) Australia must strengthen the National Waste Policy Action Plan and ensure it captures enforceable targets with penalties as well as strategies that place emphasis on material design as well as waste avoidance and creation.

(f) The federal government must drive greater market demand for post-consumer recyclate – this cannot fall on the shoulders of the waste and resource recovery industry alone. The first step is a clearly stated commitment by the federal government to spend on recycled procurement to drive states to also match this funding and identify projects they could invest in and commit to.

While WMRR appreciates that a percentage across all procurement may not be the correct target at this instance, it is vital that there is exact clarity on current priorities while research on specification and current industry are underway. For example, a stated commitment that 10% (allowable in majority specifications nationally), must be from recycled materials in roads and footpaths constructed by all levels of government in all states, would have a demonstrable impact on the glass reprocessing market and investment. This should be supported by a similar requirement to be eligible for Federal Assistance Grants, as well as public reporting in annual reports for all jurisdictions on where this has been used and if not, why it has not been used.

Further we know there are Australian companies that are currently able to utilise post-consumer plastic and tyres in playground equipment, soft fall and street furniture; all of these should equally have a similar target of 10% of procurement for recycled content commencing in 2020/2021 budgets for all levels of government. This will not require an increased spend by departments but rather the same spend differently. However, an additional benefit is increasing community engagement and confidence by showing them that we are using our own materials, improving public places and creating four (4) times more jobs!

<u>Infrastructure</u>

The proposed commencement dates of the bans, albeit with a phased implementation, cannot be met and demonstrate little understanding of infrastructure needs and planning timeframes, as well as the current lack of existing infrastructure nationally. This may be a direct result of the lack of nationally coordinated or consistent data around the existing remanufacturing capacity and projected capacity requirements once the bans are phased in.

For instance, there is currently limited available infrastructure nationally (other than for tyres) for most material types impacted (hence the fact in the first instance, materials were exported to be manufactured overseas) and absolutely no reprocessing infrastructure for paper and plastic materials in WA, nor for paper in SA. Market demand will certainly drive the development of this infrastructure, but not only do we not have market demand, planning and development processes take time and while they differ across jurisdictions depending on their planning and licensing regimes, on average, development takes at a minimum two (2) years (assuming that there is a funded business case), and this does not include construction in most instances, which still leaves Australia 1.5 years of shortfall.

Recommendations:

(a) Develop a national infrastructure plan for building the appropriate reprocessing and remanufacturing infrastructure to process these materials across Australia. The bans must be aligned with state infrastructure planning and implementation timeframes to ensure that appropriate infrastructure is available to process the material when the bans come into force (and not after), and should work with existing MRF infrastructure to ensure that both material aggregation and transportation costs are addressed in the planning- this will be particularly vital in NT, WA, Tasmania and Far North Queensland.

(b) Develop a funding and investment strategy, which also clarifies how the $130 million committed by the federal government at the May 2019 election will be used, plus the $100 million Australian Recycling Fund under the CEFC. Alongside this, there must be a plan to detail how the cost and responsibility of materials are equitably and appropriately shared between all stakeholders, importantly polluters/generators.

In sum, given the tight timeframes committed to phasing in the ban, WMRR is urging the federal government to:

- Roll out strong levers to grow end markets, be it incentives, taxes, targets and penalties, government procurement, etc.
- Develop a mandatory Product Stewardship Scheme for packaging.
- Conduct an in-depth analysis of each stream to develop clear definitions and export exemptions, identify infrastructure gaps, and establish considered policy, regulatory, and funding frameworks, and not commence any bans until such time as these can be met.
- Consider product design, as a start, moving away from using polymers other than PET(1), HDPE(2) and potentially PPL(4) for packaging. To facilitate this, design standards must be developed and rolled out alongside the bans.

We look forward to continued engagement as the bans are further developed. Please do not hesitate to contact the undersigned if you would like to discuss WMRR's submission.

Yours sincerely

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