

8 December 2022

Waste Exports – Tyres, Paper & Cardboard Policy
Department of Climate Change, Energy, the Environment and Water
GPO Box 3090,
Canberra ACT 2601,

Attention: Assistant Director Ms Lauren Neilson

Dear Lauren,

Ref: Proposed Paper and Cardboard Regulatory Framework /

Thank you for meeting with me recently, allowing the opportunity to present industry members profound concerns with respect to Governments Paper and Cardboard Rules Options and Waste Exports Cost Recovery Consultation documents.

As expressed, our members are opposed to all forms of government regulatory measures that have the potential to alter or impact our business trading environments. **Importantly, members express their fundamental opposition to the government’s proposal of introducing the nation’s first ever recycling commodities export tax levy to recover government’s costs of overseeing the regulation of exporting recyclables.**

To contextualise these concerns,

- Council members and its affiliates are the principal contractors servicing more than 80 % of all Australian households with waste and recycling services, as well we service more than 80 % of all Australian Commercial, Industrial, Government, Medical, and other businesses. In several jurisdictions the number exceeds 95%. The introduction of this tax and levy will be passed through directly to all customers.
- We are responsible for either (directly or indirectly) accounting for more than 60 % of all Australian paper and cardboard tonnes exported (and greater than 80% of the overall supply chain). In terms of tyre recycling our members contribute to greater than 60% of all exports, and similar for plastics.
- Australia is both a nett importer and nett exporter of plastics, tyres and paper and cardboard. With respect to paper and cardboard commodities, Australia has traded these internationally for over 100 years without any government regulatory intervention. The proposed regulations in our opinion circumvent all normal trading conventions as these impact Australian commodity exports and establish a future business trading environment for the country’s recyclers with great uncertainty.

With the 2024 implementation date for the ban of paper and cardboard exports, the Council, commissioned an independent economic analysis report to quantify why Paper and Cardboard streams should not be captured within these export regulations. Our report confirmed the findings of the Government's own regulatory impact statement which identified

- In all three business cases, there would be no community benefit for banning paper and cardboard export and the costs to community and industry would be more than \$257 million annually if regulated
- There is limited information available on the type and quantity of Australia’s exported waste which is mismanaged
- It viewed the greatest risks associated with introducing export regulation was on paper and cardboard commodities

Paper and Cardboard Rules Options Paper November 2022 Industry Response

As confirmed in previous meetings, industry accepts the value proposition of having a central registration portal to record all companies exporting materials. We also support governments initiative that all recycling commodities should be processed to agreed quality standards and be free of waste in their export. Our members have successfully traded product according to these principles free of all government intervention and regulation for many decades. We are confident industry operators can provide evidence to government as part of the export permit process that our recycling facilities undergo strict auditing processes and materials recovered for export do meet both buyer and international country of origin specifications in terms of quality.

With respect to industry providing evidence that the exported product meets local environmental standards and testimony of its end use in the receiving country, that this is consistent with the *Recycling and Waste Reduction Act 2020* it is not possible to provide evidence to meet these requirements: as industry members have no input or influence in terms of the mills accepting our product in their operations or country of export policy frameworks and it is unrealistic to expect import nations to comply or meet with Australian government policy drivers.

Enshrining provisions as prescriptive as these will result in export trades being eliminated and, as such, most commodity will be landfilled in Australia. The provisions as proposed are anti-competitive and unfairly force all international buyers to suspend Australian industry purchases as the cost and government reporting model as proposed does not align with any other trading nation to wit trade these commodities.

Australia does not place any restrictions on importers of tyres, plastics or paper and cardboard streams requiring imports to comply with our environmental policy drivers and the proposed export directive is totally at odds with international trading standards.

In terms of trading paper and cardboard it is important to note that greater than 90 % of all recycling commodities exported are sold through international traders / brokers who then trade these commodities to their customers, notably paper mills or commodities are brokered onto other traders and direct end users. The commodities are traded in a way that often at the time of purchase from Australian recyclers the trader has contracted only a partial sale of the total contracted volume and whilst quality limits will be agreed contractually, the total parcel of all buyers will not be known until the full parcel is executed. Sometimes over a 4–6-month period.

Members for a range of business decisions and corporate governance parameters could not nor would allow the traders of commodity to independently trade under a company's export licence, thus the onus on export licencing and payment of the export tax will totally reside with the traders who to date we note have not been engaged at any level in terms of this consultation by government.

Industry members have no direct line of sight with any of the trader customers for their product, purely price, quality and other specifications only are known and set at the time of contracting the sales.

Proposed definitions for the word “contamination” and ‘not acceptable’ materials.

The proposed definitions are not used by the industry contractually and conflict with current business arrangements. As previously provided, we offer as an alternative

Contamination Means:- Non-Fibre / Fibrous Waste Materials

Not Acceptable Materials- Medical, Food and Organic, Hazardous, Poisonous, Radioactive or Toxic waste and other harmful substances or liquids are not acceptable in exports of fibrous paper and cardboard recyclable streams.

Feedback on baseline specifications

Paper and cardboard fibre for export should not contain more than 5% non-fibre materials.

We do not support any tightening of specifications that are proposed such as the reduction to 2% in the long term. Industry concerns respect to the challenges presented in terms of the 2 % have been provided previously to the Department and require no further evidence or comment other than we reject any tightening without clear demonstration as to the environmental risk the 5% presents and what 2% would achieve both in terms of community and business cost and risk.

It is also important to note, Australia's only buyer of mixed soft paper product does not set this limit contractually and a 5% figure is regarded as being in line with all international country-of-origin purchase and standards. Further application of the Institute of Scrap Recycling Industries (ISRI) specifications to paper and cardboard are not considered valid as many specifications mentioned are no longer acceptable to many international paper mills that purchase our product, and the industry does not trade paper and cardboard commodities according to these guidelines.

Regulation of Waste Exports – Cost Recovery.

We note that the paper presented does not have a 'Regulatory Impact Statement' to substantiate or outline how the costs proposed have been calculated or costed. The consultation document provides no information or modelling to demonstrate how the government's assumptions in terms of forecasting future export volumes were calculated or based.

A survey of our members provides in our opinion the estimates presented in the paper in terms of tonnes exported, that these are fundamentally in error, but without the evidence provided by the Department's to its methodology on how it calculated the estimates, and from what data source these came we are unable to accept the base line proposed for cost recovery purposes

The paper presented for comment also offers no alternatives on its proposals apart from the two license fee structures and a proposed flat tax for every tonne exported. As previously stated, it is both grossly unfair and incongruous to the waste and recycling industry that despite Australia being both a net importer and exporter of tyres, plastics and paper and cardboard that the entire burden for cost recovery of this regulation is placed on one group of stakeholders.

The proposal is also at odds with Government policy initiatives such as the RMF investment strategy whereby it is building the nations capability to process and remanufacture then on the alternate with limited local product reuse, the same companies are then taxed for trading product government has focussed upon in terms of landfill avoidance.

Members advocate that that government should consider a more holistic cost recovery model that captures the actual waste generators and importers of product to ensure the system more broadly accommodates a more effective and enduring cost recovery model.

The waste and recycling industry contributes billions of dollars annually to state government jurisdictions in terms of the waste levies applied on residuals after we recover products for recycling and now for the sheer fact, we have no alternative but to export the commodities as Australia's' markets are limited, the federal government is planning to tax the sector despite the fact we have no alternative to export other than to landfill the commodity.

If the Federal Government needs to recover the cost of its recycling export overheads, then it should be negotiating with state and territory governments on this matter. For example, in NSW ~\$775,000,000 is collected in waste levies per annum, with less than 15% hypothecated to the waste & recycling sector. In simple terms, 85% of this levy remains with NSW Treasury in consolidated revenue.

We trust the Council's comments provide resonance to Government of the importance that the proposed cost recovery model be rejected, and that the Department undertakes a more holistic and shared cost review for its future options.

With kind regards

Your Sincerely

National Waste Recycling Industry Association

A handwritten signature in black ink, appearing to read 'Rick Ralph', with a stylized flourish at the end.

Rick Ralph

Chief Executive Officer

Attached in confidence – Not for public distribution Contractual evidence to country-of-origin quality and product sale conditions