National Waste and Recycling Industry Council

MEDIA RELEASE
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New Recycling Tax on Business

The Department of Climate Change, Environment, Energy and Water under Minister Tanya Plibersek's watch is proposing to introduce a tax for all recyclables exported after July 1. In addition to charging exporters a new annual registration fee of $30,000, all glass, used tyres, plastics, paper and cardboard products exported will incur a new government tax of $3.98 per tonne.

The justification for the tax has been given as the requirement to cover department administration fees for overseeing its exports ban on the sector.

The National Waste and Recycling Industry Council (NWRIC) is calling for an urgent realignment of these export bans to address resource recovery and recycling roadblocks and to place a greater focus and accountability across the entire supply chain, including importers of materials, product manufacturers and their distributors.

CEO of the Council Rick Ralph said, 'Despite repeated requests for Council directors to meet with the Minister to discuss the challenges these new charges will place on our industry, our requests have been met with a lack of silence on the introduction of this meaningless new recycling tax.

The new tax on recycling comes at a time when the Australian Government has committed to investing $250 million into new and upgraded recycling infrastructure through the Recycling Modernisation Fund (RMF). Whilst $213 million in government co-funding has been allocated across 85 projects as part of the RMF, some jurisdictions have yet to deliver a single on-the-ground project, and jurisdictions that have projects underway are lagging in terms of permits and development approvals.

Rick Ralph said 'Significant shortfalls in Australian infrastructure coupled with the inhibited growth in markets for locally produced recycled content, have resulted in a critical misalignment between local industry capacity and the Government's regulatory program. In Australia, there has not been enough growth in the market for recycled materials and there are currently no compelling incentives for manufacturers to prioritise locally produced recycled materials over imported virgin materials.

Australia is both a nett importer and exporter of these materials and we simply do not have the internal capacity to re-use the total quantities of recyclable commodities it recovers. Council members have and continue to invest in new capacity to add value to the commodities recovered, but the reality is for years to come we must export the excess commodities we can't use locally, or the alternatives are simply to landfill.

As example, Australia has an estimated 1.2 million tonnes of recyclable paper and cardboard that is excess to local markets and must be exported. 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 Government's own regulatory impact statement which identified in all three business cases, there to be no community benefit for banning paper and cardboard exports and in fact the costs to community and industry would be more than $257 million annually if regulated. With the introduction of these government charges all recyclers are going to be taxed on commodities we have exported successfully for more than 100 years.

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. The introduction of these new charges including the tax, with the additional business costs we will incur to manage these must be passed through directly to all customers.

The additional new charges increase the risk in businesses taking the cheaper alternative by landfilling products rather than have a recycling service.

All work in respect to introducing these pernicious new business costs must be stopped and an urgent review to address the fundamental challenges these export bans are placing on business must be immediately commissioned by the Minister.

Further, the Council is advocating the auditor general undertake a formal review of all RMF project funding and establish a baseline of actual local capacity to meet the government regulatory frameworks and recycling targets and to identify critical shortfall areas of our local capability.

These difficulties demonstrate the roadblocks already in place for recyclers in meeting the capacity challenges of the Australian recycling industry and therefore the risks in investing in that industry; a problem only set to be exacerbated by a new tax.

The local recycling industry must be given space to advance, rather than be further burdened with ’end of pipe’ regulation.

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