

22th January, 2024

The Hon Stephen Jones MP,
Assistant Treasurer and Minister for Financial Services,
The Treasury,
Langton Crescent,
Parkes, ACT 2600.

Dear Minister,

Submission for Budgetary Process 2024-25

The National Waste and Recycling Industry Council (Council) makes this submission for a priority policy change in the 2024-25 Budget process to stop the introduction of a cost recovery for the waste exports licencing scheme.

Council is the principal business Council representing international and national business owners of the sector. Our members investments include resource recovery facilities, landfills, firming power facilities, all forms of collection services and a comprehensive range of secondary processing and manufacturing operations. Council members directly employ more than 18,000 Australians in more than 740 speciality industry owned assets.

To contextualise our submission our members 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 this number exceeds 95% service coverage.

With the services to Australian households and their yellow lid recycling bin our members and the wider recycling industry in Australia recover recyclables for re-use both in Australia and importantly as a valuable export commodity to international markets. Australia is both an importer and exporter of recyclables collected from yellow top bins (of which 48% is paper and cardboard) as there is insufficient recycling processing capacity within Australia and a lack of recycled product demand as an input from the domestic manufacturing sector.

Council submits that in conjunction with the Portfolio Charging Review the proposed cost recovery for the waste export licensing scheme which was deferred from introduction on 1 July 2023 after strong stakeholder feedback to the Minister for the Environment and Water, is not introduced on 1 July 2024 and that it be scrapped in its entirety.

We understand that the proposed charging arrangements by the Department for Climate Change, Energy, Environment and Water (DCCEEW) for waste exports is now captured in the Portfolio Charging Review process.

Council submits that the proposed cost recovery which we maintain is a government-imposed tax on the recycling industry in Australia will impact every Australian consumer adding an additional cost impost on already fragile budgets. Any tax imposed by government will be directly transferred by our industry to all local government and other contracts along with the additional industry charges that will be added to this government fee to recover our own business administration costs.

Council has communicated its concerns, substantiated with fact, about the proposed “recycling tax” repeatedly since November 2022 when the fees were announced by DCCEEW, to Minister Plibersek and her staff and despite assurances from officers that the government would not proceed with this, the Ministers office confirmed in an email on January 9, 2024 to Council, that the cost recovery process would form part of the Portfolio Charging Review and the 2024-25 Budget process.

Council submits the Federal Government as is required by it, did not conduct a regulatory impact statement to assess the impacts of the proposed tax, rather DCCEEW simply proposed in its November 2022 consultation paper a cost recovery model with two options. The paper presents line items with estimates against these including claiming more than \$6.4 million in audit and investigation fees and amounts of \$1.5 million in policy recovery fees. We advocate since the introduction of the legislation DCCEEW have not conducted a single audit on any industry members and despite industry forwarding information about traders ignoring the export rules Government has done nothing to stop these actions from continuing.

Council submits the cost recovery on waste exports is both unnecessary and a further cost impost to the Australian recycling industry which is subject to international pricing parity and market impacts. Coupled with the looming regulation of exported recycled Paper and Cardboard from 1 July 2024 to the detriment of our large established trading of this valuable commodity from Australia the proposed “recycling tax” in the form of a cost recovery on all regulated recyclables exported will be a significant blow to the sustainability of the recycling industry across Australia and it is not appropriate to proceed with this measure.

Council submits that export regulation of paper and cardboard delivers no demonstrated social, economic or economic benefits to the people of Australia and to further increase costs to all households and businesses during a cost-of-living crisis fails public policy. An economic analysis report Council commissioned reported in October 2022 that there would be a \$1.6 billion erosion of waste and recycling industry’s viability by restricting the export of paper and cardboard which would only be further increased by a further DCCEEW cost recovery “recycling tax” imposed on all recyclable exports. The Commonwealth’s own 2019 Decision Regulation Impact Statement (RIS) “Phasing out exports of waste plastic, paper, glass and tyres” confirmed it was not in the nation’s best interests to include paper and cardboard in waste export bans. We note no RIS has been prepared to evaluate the impact of the proposed “recycling tax” which in Council’s view can only be counterproductive to the recycling industry.

Council submits that the proposed “recycling tax” with higher costs to the Australian recycling industry, local government and business will be bad for the environment leading to more landfilling and higher greenhouse gas emissions.

Council submits that the proposed “recycling tax” will not build Australian recycling capacity but will provide another cost impediment to the viability of the recycling markets with net domestic surpluses requiring export. There are no Federal Government import restrictions or regulations on plastic, paper and cardboard materials bought into Australia making them more competitively priced as an input to manufacture compared to domestically sourced recycled materials.

Council submits that the cost recovery through fees and charges on exporting recyclers is not necessary for DCCEEW policy development work which has always been a core function and responsibility of the Department and should be funded on an ongoing basis within the normal budgetary allocation without extra revenue raising measures.

Council submits that the proposed “recycling tax” will require change of contract pricing to be initiated with local government and business customers and without confirmation of the inclusion of this measure in the 2024-25 Budget will impact all future customer, industry, and investment decisions.

Finally Council highlights that the proposed “recycling tax” will further disadvantage Australian recycling exports to international trading nations without such taxes and regulatory controls as we must export or otherwise send to landfill collected commodities due to our surplus recyclables’ generation. We also advocate that the tax may breach existing trade agreements in the form of a tariff imposed that is against signed agreement terms with select trading nations.

In conclusion, the proposal as presented to our industry is counter intuitive to all public statements made by the Treasurer and Prime Minister that Government is serious about providing relief to the escalation of Australian living costs. The introduction of a “Recycling Tax” on Australian householders and businesses would be a clear breach of those public statements and a policy legacy the Albanese Government and all Ministers will always be burdened with.

Council trusts that the above critical elements of and impacts to the Australian recycling industry are evaluated fully by yourself and Treasury as part of the 2024-25 Budget process. Council would be pleased to provide further information as required to understand the consequences of a cost recovery model based on the Federal Government’s regulations on export recyclables which is clearly a “recycling tax” imposed on a longstanding successful Australian commodity trading sector.

Yours faithfully

National Waste Recycling Industry Council



Rick Ralph

Chief Executive Officer.

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Expenditure Review Committee

The Hon. Anthony Albanese MP

The Hon. Dr. Jim Chalmers MP

The Hon. Richard Marles MP

Senator the Hon. Penny Wong

Senator the Hon. Katy Gallagher

The Hon. Mark Butler MP

The Hon. Catherine King MP

The Hon. Michelle Rowland MP

The Hon. Stephen Jones MP