

12 February 2020

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

**NATIONAL WASTE AND
RECYCLING INDUSTRY COUNCIL**
ABN 22 617 891 899

Via email: coagwasteexportban@environment.gov.au

Dear Kristen and Team,

The National Waste Recycling Industry Council's (NWRIC) is the national industry body for commercial waste and recycling operators Australia wide. Its vision is for a fair, safe, transparent, sustainable and innovative national waste and recycling industry that services all Australians.

The NWRIC brings together national and state businesses to develop and promote policies and actions that will advance the waste and recycling sector in Australia. Its mission is to represent its members priorities to the government and to promote its members' contribution to the community, environment and the economy.

National members and state affiliates of the NWRIC are committed to moving materials up the waste hierarchy, helping to create a circular economy by turning waste into resources and ensuring the safe treatment and disposal of materials that cannot be recovered.

With an estimated turnover of more than \$10 billion per annum, over 16,500 employees and more than 10,000 trucks our members collect, sort, process and treat more than 10 million tonnes of waste from households and businesses per year.

Founding members of the Council, Cleanaway, J. J. Richards and Sons, Solo Resource Recovery, Sims Metal Management, Remondis, ResourceCo and Veolia own and operate many of the waste collection, transport, processing, recycling, treatment and disposal services and facilities nationally.

This includes landfills for hazardous, inert and putrescible wastes; soil recovery; medical, liquid and hazardous waste treatment; thermal destruction; fuel manufacture; energy recovery; anaerobic digestion; composting; material recycling facilities; aggregate recycling plants and oil recovery plants.

The Council welcomes the opportunity to comment on the COAG *Regulatory impact statement on banning exports of waste plastics, paper, glass and tyres discussion paper*. Please see the attached submission in response to the discussion paper.

For further information please contact NWRIC Secretary Alex Serpo (secretariat@nwrlic.com.au) or 0417 932 303) in the first instance.

Yours sincerely,



Rose Read
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COUNCIL MEMBERSHIP

Cleanaway | JJ Richards and Sons | Remondis
Veolia | Solo Resource Recovery | Sims Metals
and ResourceCo.

IT ALSO COMPRISES STATE AND TERRITORY AFFILIATES

Waste Recycling Industry Queensland (WRIQ)
Waste Contractors and Recyclers Association
of NSW & ACT (WCRA) | Victorian Waste
Management Association (VWMA) | Waste
Recycling Industry of South Australia (WRISA)
Waste Recycling Industry of Western Australia
(WRIWA) and the Waste Recycling Industry
Northern Territory (WRINT)

NWRIC response to Consultation Regulation Impact Statement *Phasing out certain waste exports, December 2019*

OVERVIEW

In summary the NWRIC members response to the RIS is the following;

- Preference is for Option 2b, either do it properly or not at all.
- Need for clear definitions on what is and isn't a 'waste' covered by the export ban.
- Enforcement of the export ban is critical. The ban must be regulated nationally and resourced adequately to ensure compliance, it can not be self-regulated.
- Significant market development must happen in parallel to stimulate domestic demand for recovered materials.
- There is a potential competition issue in the domestic paper manufacture, due to the limited number of manufacturers. This has implications upstream and downstream on the value chain. This has been brought to the attention of the ACCC.
- Scope of the ban should be broadened to include whole cars, white goods, unprocessed e-waste and unprocessed used machine lubricant oils.
- Implementation timing preferences.
 1. Tyres, glass, cars, white goods, oil as soon as possible as there is sufficient capacity locally to process these products and markets for the end materials.
 2. Paper and plastics should be given to June 2022 to provide sufficient time to ramp up processing capacity and new market development.

Specific responses to the questions posed in the consultation RIS are as follows:

THE PROBLEM

1. Do you agree with the problems that have been identified?

The problems outlined in the document describe the current situation in Australia and international trends. It does not outline the key underlying problems that have created this situation.

They being:

1. Manufacturers (locally and overseas) are not using sufficient recovered plastic, paper, glass and tyres in their products and packaging (i.e. recycled content), therefore creating a lack of commercial markets locally and overseas for recovered materials (i.e market pull).
2. Manufacturers are using materials in their products and packaging that can not be recycled, reused or composted commercially.
3. Australia is a net importer of paper, plastic and tyres, therefore does not have the capacity to re-use all the potentially available recycled plastics, paper, glass and tyres locally (i.e. lack of local demand).
4. There is no mandatory obligation nationally for producers, brands, importers and retailers to ensure their products and packaging do not harm the environment or human health at the end of their life. The NEPM for Used Packaging is ineffective in this regard. Unlike the *Product Stewardship (Television and Computers) Regulation* and the *Product Stewardship (Oil) Act*.
5. Lack of federal government enforcement and application of existing federal legislation including the Hazardous Waste Act, the Product Stewardship Act, the National Protection Environmental Council Act and the National Environment Protection Measurement for Used Packaging.

2. What effect do you think the problems could have on the waste and recycling sector, consumers and environmental regulators?

Tyres

Ongoing poor recycling practices by operators in Australia who are exporting whole baled tyres. This will impact the operations of legitimate responsible recyclers and will discourage any future investment to improve recycling and reuse in Australia. Existing tyre recycling assets in Australia will continue to be under-utilized.

Illegal tyre stockpiles will continue to occur, requiring greater enforcement by environmental regulators of tyre stockpiling regulations, and subsequent government funded prosecutions and clean-ups.

Consumers currently paying for their used tyres to be recycled responsibly will continue to be misled and their funds not being used for the intended purpose.

Australia has sufficient capacity to recycle tyres domestically. The NWRIC recommends that tyre export bans be brought forward to July 2020 (in six months).

Glass

Glass stockpiles at material recycling facilities will continue to be an issue and some local councils may cease to offer kerbside glass recycling services either sending this material to landfill or establishing drop off collection points.

With the introduction of Container Deposit / Return Schemes in all states and territories (except Victoria) the volume of clean recovered glass will outgrow local glass manufacturing demand. Alternative export markets will need to be found, otherwise this high grade recovered material will be stockpiled.

Plastics

Australia has limited plastic re-manufacturing capacity. Less low value mixed plastics will be recycled and more will end up in landfill or used as refuse derived fuel where possible. This will increase costs for household kerbside collections and businesses. Some mixed plastics may still end up being exported for further separation and recycling.

While there is more effort to find secondary uses for mixed plastics (i.e roads, outdoor furniture, fencing etc) these markets are niche and small. Some material recycling facilities may choose to further upgrade their sorting capacity to recover higher valued PET and HDPE plastics. Recovery of LDPE soft plastics will continue to be low percentage via the Redcycle drop off collection network.

Paper

The major issue with paper and cardboard is that Australia is a net importer and the local market for recycled paper and cardboard is saturated. There are good existing overseas markets for clean paper and cardboard (i.e. 1.1m tonnes, valued at \$235m) and if there is no export ban imposed this will continue.

Mixed paper will continue to be exported if there are markets, otherwise it will go to landfill. This will increase costs for household kerbside collections and businesses.

To meet overseas market specification improved separation at source will be required, this will increase education, infrastructure and collection costs to local councils and businesses.

3. Do you have any information, analysis or data that supports characterising the impact of the problems identified?

As identified in the Regulatory Impact Statement, approximately 60% of Australia recycled plastic is exported, at a value of \$43 million. Further, approximately one third of the paper and cardboard recycle is exported, at a value of \$235 million.

According to import data available from analyst firms, the NWRIC believes approximately 500,000 tonnes of partially processed or unprocessed cars are being exported to Malaysia and Indonesia per year. A *Comparative Study of End of Life Vehicle Recycling in Australia and Belgium*¹ provides a comprehensive study of the components of a used car 'hulk'. This study described the Australian recycling efficiency as being approximately 70%.

By this measure, this export of unprocessed cars would generate around 150,000 (30% of 500,000 tpa) tonnes per year of waste residual, much of which could be highly toxic. Cars contain toxic fluids and materials that need to be managed carefully:

1 Vi Kie Soo et al. Procedia CIRP, Volume 61, 2017, Pages 269-274. [Via ScienceDirect](#).

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- Fluids: such as engine coolant, oil, transmission fluid, air conditioning refrigerant, petrol and brake fluid.
 - Lead acid batteries.
 - Halogenated (fire-retardant) plastics such as PVC which are difficult to recycle as they do not melt.
 - Small toxic components such as sodium azide (the explosive propellant used in airbags).
 - Heavy metals, for example, according to a *Comparative Study of End of Life Vehicle Recycling in Australia and Belgium* - a used car hulk of 852kgs can provide up to 5.9kgs of lead.

While the mass of exported unprocessed whitegoods is unknown, similar environmental concerns exist for these products. Unprocessed whitegoods can contain environmental contaminants including;

- Refrigerants (CFCs and HFCs),
- Toxic oils,
- Plastics.

4. Are there any other problems that you think should be considered as part of the RIS? If so, please set out what they are, what effect you think these problems could have and how the problems should be addressed.

Like whole baled tyres, the export of unprocessed car bodies, white goods, unprocessed used machine lubricating oils and unprocessed e-waste are having a significant impact on the health of overseas environments and communities due to the potential for substandard recycling practices in developing countries.

It is estimated that hundreds of thousands of tonnes of whole baled cars, tens of thousands of tonnes of unprocessed white goods and millions of litres of unprocessed oils are currently being exported to developing countries.

All of which could be processed locally by existing recycling facilities for reuse by Australian steel mills and local machine lubricating oil and fuel markets.

Unprocessed cars and whitegoods can contain up to 30% waste materials including many toxic fluids (such as brake fluid), unrecyclable plastics and heavy metals. Materials that if not processed responsibly will release harmful substances into the environment and put communities at risk.

Used machine lubricating oils are being burnt in uncontrolled environments overseas as below specification fuels. Australia's existing processing facilities are achieving a 99% recovery rate.

While the export of unprocessed e-waste is currently banned under the Hazardous Waste Act and the Product Stewardship (Television and Computer) Regulation, the NWRIC is concerned that regulations are not being enforced, and unprocessed e-waste is still being exported from Australia.

POLICY OBJECTIVES

5. Do you agree with the policy objective as outlined?

No, the NWRIC believes the objectives are incomplete and should be broadened to firstly, cover other waste types causing harm to humans and the environment (whole cars, whitegoods, unprocessed machine lubricant oils and unprocessed e-waste), and secondly address the failure of manufacturers, producers, brands and the construction sector not using recovered materials in their products, packaging and infrastructure.

6. Are there any other objectives that you think the Commonwealth, state and territory governments should be pursuing in addressing the problems? If so, please set out what they are.

The NWRIC considers the objectives are incomplete and should be amended as follows.

- Waste cars, white goods, used machine lubricating oils and e-waste should be added to the types of Australian wastes to be banned from export.

Further, the following two additional objectives should be added.

- Achieve greater use of recovered materials in the manufacture of products and packaging placed onto the Australian market and in the construction of infrastructure,

- Ensure Australia actively manages the risk of products and packaging being imported into Australia that either do not include recycled content or cannot be recycled, reused or composted

Without domestic or overseas markets for recovered materials and improved collection, sorting, processing capacity locally, the waste and recycling sector will not be able to produce quality recovered materials to meet local and overseas specifications for manufacturing and construction.

This will leave Australia with a growing waste problem as we continue to allow the import and local manufacture of products and packaging that do not have a minimum recycled content and cannot be recycled, composted or reused multiple times.

POLICY OPTIONS

OPTION 1 - STATUS QUO, WITH CONSUMER EDUCATION AND WORK ON STANDARDS

7. What is your role in the waste stream

Industry association representing major waste and recycling businesses operating nationally.

8. How have waste import restrictions imposed by other countries impacted your activities?

Members and state affiliates of the NWRIC will provide specific details on the impacts of import restrictions have had on their businesses in their individual submissions.

In summary the main impacts have been;

- Loss in revenue due to the downturn in markets for mixed paper and mixed plastics.
- Increased operational and capital costs to further process recyclables to meet market specifications.
- Increased costs to dispose of recyclables to landfill that cannot be sold or stockpiled.

One Material Recycling Facility in Sydney (Polytrade, Rydalmere) has given notice it will be closing down at the end of January.

9. What would be the longer term implications if similar import restrictions are imposed in other export markets

Australia is reliant on exports for its paper and cardboard and plastics recovery. If local markets are not developed and appropriate processing infrastructure, source separation and the correct incentives implemented then these materials would be disposed of to landfill or used for energy recovery (subject to approval of new waste to energy facilities). This would increase disposal costs for households, councils and businesses and result in the closure of recycling and re-manufacturing businesses putting thousands of people out of work. It would also affect a number of social and disability enterprises, with loss of work and revenue. There would be a need to build more landfills to service this waste, potentially increasing greenhouse gas emissions, not to mention the loss of resources that were substituting virgin materials.

10. Are there other existing or future government or industry-led initiatives that are relevant to addressing the problem

The Product Stewardship Act is an underutilised federal regulatory tool that has the ability to achieve the policy objectives of better protection for the environment and human health. This is a key objective of the Product Stewardship Act.

Likewise if properly resourced and enforced the federal Hazardous Waste Act, the National Protection Environmental Council Act and the National Environment Protection Measurement for Used Packaging (Packaging Covenant) are key tools to ensure the policy objectives are achieved.

Other existing industry initiatives that could be leveraged further to progress the policy objectives include;

- Green Building Council specifications for recycled content in building materials.
- Infrastructure Sustainability Council of Australia - ISupply - material specifier.
- Tyre Stewardship Australia - this voluntary scheme should become a mandatory program to ensure all tyre manufacturers contribute and clear targets on recovery agreed and reported annually to the government. The current

voluntary scheme has had limited impact on preventing stockpiling or inappropriate recycling of tyres locally or overseas.

Other existing joint government/industry initiatives that could be leveraged further to progress the policy objectives include;

- National Television and Computer Scheme - the scope of products covered under the scheme should be broadened to include all types of e-waste. Government needs to reinstate departmental resourcing to regulate Scheme
- NEPM Used Packaging - Targets need to include separate recycled content targets for different plastic types and milestones agreed to help drive rapid uptake of recovery materials in packaging and products to match the proposed ban timeframes.

Other existing government initiatives could be leveraged further to progress the policy objectives include

- Sustainable Procurement Guidelines - make recycled content a key determining factor on procurement.

11. Does the status quo achieve the policy objectives?

No. The NWRIC considers that Option 2b is the best approach to meet the policy objectives.

12. Are current laws and government policies sufficient to address the problem?

Many current laws and policies (as listed above) assist with meeting the policy objectives outlined in the RIS. However, these policies and regulations must be better enforced in order to ensure a fair market and high standards. Specifically, the Hazardous Waste Act, the Product Stewardship Act, the National Environmental Protection Council Act and the Basel Convention.

13. How effective are industry-led initiatives for addressing the problem?

The NWRIC does not consider industry-led initiatives to be effective. Tyre Stewardship Australia and the National Environment Protection Measure for Used Packing (APCO) are two examples of why industry led initiatives are ineffective. They do not create a level playing field for businesses, nor incentives to reduce the environmental and human health impacts of their products. If the NEPM for Used Packaging and the Tyre Stewardship Schemes were successful Australia would not be in the position it is in currently.

Smart regulations and government procurement are a far more effective way for governments to drive better environmental and health outcomes.

Two examples include the National Television and Computer Recycling Scheme and the Oil Stewardship Program. Both schemes require all relevant companies to participate, set performance targets, recycling standards and specifications. As a result recycling rates have increased significantly, recycling processes have improved, costs of schemes are shared equitably across the industry rather than being left to local councils and the broader community, performance of schemes are reported publicly and harm to the environment and human health has been reduced locally and overseas.

14. Are there any other benefits or costs associated with the status quo?

Benefits

Removal of the restrictions on the export of mixed paper will ensure the recycling programs continue in WA, the NT and South Australia.

Risks

Non recyclables being exported and dumped in developing countries causing environmental and human health harm.

Market confidence and viability being undermined for tyres and car recycling, whitegoods and e-waste recycling. This is due to the competition from the export of whole unprocessed products.

15. Do you have any suggestions that could help a future education campaign? What kind of information should be provided as part of an education campaign?

If bans are implemented, it is essential they are accompanied by domestic programs for procurement of recycled products included in the bans. Further, well funded and best practise enforcement must be in place to ensure the bans are appropriately policed.

OPTIONS 2(A) AND 2 (B) - PROHIBIT OR RESTRICT EXPORTS OF WASTE PLASTIC, PAPER, TYRES AND GLASS

16. Are there any other benefits or costs or unintended consequences associated with Options 2(a) or 2(b)?

The NWRIC believes that 2A would be ineffective. This is because a systematic change is required to ensure that waste is not being exported to overseas countries. Option 2A represents business as usual and, not the genuine systems change required to protect Australia's reputation as an exporter of clean recovered resources.

17. Under a prohibition or restriction on waste exports, how should the ban be designed to achieve the policy objectives while minimising costs and adverse impacts?

The NWRIC recommends the following structures be incorporated into the ban;

- Need for clear definitions on what is and isn't a 'waste' covered by the export ban.
- Enforcement of the export ban is critical. The ban must be regulated nationally and resourced adequately to ensure compliance, it can not be self-regulated.
- Significant market development must happen in parallel to stimulate domestic demand for recovered materials.
- Scope of the ban should be broadened to include whole cars, white goods, unprocessed e-waste and unprocessed used machine lubricant oils.
- Implementation timing preferences.
 3. Tyres, glass, cars, white goods, oil as soon as possible as there is sufficient capacity locally to process these products and markets for the end materials.
 4. Paper and plastics should be given to June 2022 to provide sufficient time to ramp up processing capacity and new market development.

18. Under a prohibition or restriction on waste exports, do you consider there are waste materials that should continue to be eligible for export? Please provide details.

Yes, clean baled paper and cardboard and clean baled single resin polymers (HDPE and PET). Development and adoption of specifications for recycled materials would greatly assist this process. The NWRIC would be pleased to lead the development of these resource recovery material specifications, building on existing international specifications and consulting with industry, the government and purchasers of the materials.

Clean, source separated paper and cardboard should continue to be allowed to be exported, as domestic markets for this material are saturated.

19. What sort of penalties should apply to businesses that fail to comply with an export prohibition or restriction?

A significant financial penalty in the first instance is more than the cost to dispose of the material responsibly to an approved landfill. For repeat offences removal of operating licences.

20. What kind of costs (including compliance costs) or loss of income will businesses face to comply with export prohibitions or restrictions? Will these costs be passed on and if so to who? Please provide data where possible.

Increased collection, sorting and processing costs to meet the accepted export standards for certain materials. These will be recovered through increased fees to customers (i.e. local councils and businesses) and increased revenue for higher quality materials if markets exist.

Increased reporting and material quality verification costs.

21. How do recycling service providers manage changes of law in their contracts? What costs could introducing a prohibition or restriction on waste exports trigger under these contracts? How would service providers seek to manage these costs? Please provide details.

Contracts vary between operators and customers, so the effects of the ban will vary greatly depending on the circumstances. Under certain circumstances, contracts may not be able to be varied until a turnover of contract. Therefore, this change may adversely affect service providers in some contracts, through loss of revenue and increased costs that can't be passed on to the customer.

22. What impacts will Options 2(a) or 2(b) have for relevant markets, including impacts on prices and competition?

In 2016-17 Australia exported 1.118 million tonnes of paper and cardboard valued at approximately \$235 million. This represents approximately one third of the waste paper and cardboard generated in 2016-17. This is a key revenue stream for Australian recyclers. The balance of this material is sold to three local large paper mill operators in Australia (Australian Paper, Orora Fibre and Packaging and Visy Paper). Collectively, they operate seven mills, three in NSW, three in Victoria and one in Queensland.

1. Australian Paper;
 - 1.1 Maryvale Mill, Morwell, Victoria
2. Orora Fibre and Packaging;
 - 2.1 Orora Botany Mill, Botany, New South Wales.
3. Visy Paper;
 - 3.1 Visy Smithfield Mill, Smithfield, New South Wales.
 - 3.2 Visy Coolaroo Mill, Coolaroo, Victoria.
 - 3.3 Visy Gibson Island Mill, Gibson Island, Queensland.
 - 3.4 Visy Reservoir Mill, Reservoir, Victoria.
 - 3.5 Visy Tumut Mill, Tumut, New South Wales.

While there are some other minor paper processors, none receive significant volumes.

As this list indicates, Queensland has only one available buyer of paper and cardboard seconds in its State. There are no domestic mills servicing Tasmania, South Australia, Western Australia, or the Northern Territory. Victoria and NSW both have three facilities, however, in these States supply of recycled paper far exceeds demand by domestic mills.

Orora uses no kerbside mixed paper and cardboard in their Botany Mill, only cardboard, and not from households. Australian Paper uses only a small proportion of mixed paper and cardboard at their Maryvale Mill. Visy use a significant proportion of kerbside mixed paper and cardboard across their mills.

More than half the world's paper mills are in Asia, where demand for recycled fibre exceeds domestic supply, as many Asian countries, and particularly China are net exporters of paper and cardboard.

By having access to overseas buyers, Australian recyclers can be confident, they not only have an option for selling mixed paper and cardboard which is surplus to the very limited demand in Australia, but that competition exists to ensure they are getting the best price for clean recycled paper. Should these exports be closed, the very restricted market will allow existing domestic operators to control prices.

In regard to glass, Australia is also a net importer of glass and only has two manufacturers that are the major users of beneficiated glass, Orora and Owen-Illinois. With the recent administration of the GRS business and the purchase of the GRS land and assets at Penrith by Visy Paper, only Visy, Owens-Illinois and Polytrade will be providing beneficiation services in Australia. Owens-Illinois is also up for sale. Investment Bank Goldman Sachs is controlling the sale with Visy

being one of the potential purchasers.

Once again, restriction on exports may give the domestic manufacturers the capacity to control price. With the implementation of container deposit / return schemes in NSW, the ACT, Queensland, Western Australia and Tasmania the amount of clean recovered glass is going to grow and will outstrip local demand. Therefore, the need to be able to access overseas markets in addition to the limited local markets will be critical.

23. Do you consider there is existing Australian markets and infrastructure have capacity to respond to a prohibition or restriction on waste exports? If not, please provide details such as:

a. What is the infrastructure capacity gap that will need to be filled?

b. How long will it take to commission the infrastructure?

c. What is the cost of building the infrastructure and who will bear this cost?

Tyres

Yes. There is existing Australian Infrastructure to process the tyres and market opportunities available locally and overseas for shredded and crumbed tyres.

Glass

No. There isn't sufficient Australian markets for the clean glass (i.e cullet) currently being produced, due to the limited number of glass manufacturing plants and demand for glass containers locally. Nor are there any reliable markets for crushed glass in Australia.

There is also insufficient infrastructure to process the additional glass being generated from the recently introduced container deposit / return schemes in NSW, the ACT and Queensland and that received through material recycling facilities.

Paper

No. The Australian market for recovered paper and cardboard is saturated. There is insufficient infrastructure to collect, sort and process mixed paper and cardboard to an acceptable standard for input into manufacturing export markets

Plastics

No. There is a limited market for recovered plastics locally with little opportunity for growth unless demand for recovered plastics into products, packaging and infrastructure its ramped up substantially. There is also insufficient infrastructure to collect, sort and process the plastics to an acceptable standard for manufacturing and construction markets locally or overseas.

24. Do you believe that the combination of costs and benefits under Option 2(a) are superior to other options?

No

25. Do you believe that the combination of costs and benefits under Option 2(b) are superior to other options?

Yes