SSROC submission on the

Discussion paper on implementing the August 2019 decision of the Council of Australian Governments

National ban of exports of waste plastic, paper, glass and tyres

Submitted to the National Waste and Recycling Taskforce
Department of the Environment and Energy

by email:

https://environment.au.citizenspace.com

3 December 2019

1 About us

Thank you for this opportunity to comment on the proposed national ban as put forward in the Discussion paper Banning exports of waste plastic, paper, glass and tyres (the Paper).

The Southern Sydney Regional Organisation of Councils (SSROC) is an association of 11 councils spanning Sydney's southern suburbs, eastern suburbs, CBD, and inner west and covering a third of the Greater Sydney's population, or 1.7m people.

SSROC provides a forum through which our member councils can interact, exchange ideas and work collaboratively to solve regional issues and contribute to the future sustainability of the region.

We advocate on behalf of our region to ensure that the major issues are addressed by all levels of government. Our current focus includes the environment, transport, procurement, waste, and planning.

In order to make this submission within the timeframe for receiving comments, it has not been possible for it to be reviewed by councils or to be endorsed by the SSROC. I will contact you further if any issues arise as a result.

2 Introduction

2.1 Our understanding of the ban and context

SSROC strongly supports the intention of the ban. However, it needs to be implemented in a way that will not result in recyclable material going to landfill. This requires:

1) **Time** to allow for the establishment of appropriate facilities, much longer than the 1.5 years proposed in the discussion paper for mixed waste plastics. Based on industry advice, recycling facilities could take at least 2-3 years to build, plus time to procure suitable sites and go through the development application process. Therefore 4-5 years would be a better timeline.

2) **Financial Investment** – establishing all the recycling facilities required in Australia will require significant capital expenditure from both private and government sectors. The risk of that infrastructure not being in place would be significant increases in Council rates and/or material sent to landfill.

3) **Dedicated land** for recycling facilities in suitable locations with adequate appropriate transport links.

4) **Product Stewardship, Extended Producer Responsibility and Take Back schemes** so that the increase cost of recycling is borne by the manufacturers and passed onto consumers rather than the community at large.

5) **Commitment to recycled content** in government procurement at all tiers.

6) **Incentives** or mandates for inclusion of recycled content in products and packaging.

7) **Phase-out of materials that are problematic to recycle** where other material types can be used instead. For example, phasing out PVC in single use disposable food containers.

8) **Value-add** to be clearly defined so that all affected sectors can be in not doubt as to whether or not a process can be deemed to be adding value, meaning that it is adding economic, social and environmental value for the nation.

2.2 SSROC focus for the submission

Due to the time constraints for this submission, it is focussed on implementing the ban and the plastics and paper streams.

One of the key issues that local government continues to raise with state governments is the need for access to clear and consistent datasets to inform investment and strategic decision-making. The National Waste Policy Action Plan 2019 picks up this issue to some extent with Target 7, local councils specifically require clear insights to what happens to materials after the are processed at a Materials Recycling Facility (MRF). MRF operators operating in the Sydney basin claim that this information is commercially valuable and therefore confidential, which prevents councils making informed strategic decisions about the management of municipal recycling materials.

2.3 Plastics

SSROC understand that the ban will:

- include single resin/polymer plastics that have not been re-processed;
- include mixed plastics which are defined as not of a single resin/polymer type i.e. requiring further sorting, cleaning, repurposing required before use in re-manufacturing;
- require all single resin/polymers to be pelletised or flaked/shredded and cleaned first.

There is no export pathway for mixed plastics without some kind of pre- or re-processing. Baled single material type drinks containers (such as empty PET bottles) will be banned from export as they must be cleaned and pelletised/shredded.

Within the waste industry in NSW there is common understanding that processors face challenges finding markets for those materials. This affects even the CDS scheme operators despite them having the cleanest single streams of plastics and glass available in the state. Without markets for outputs there is no reason to invest in processing. Without investment in processing capacity there could be no NSW CDS scheme, and no potential for a national container deposit scheme.

PET bottles that are put into the domestic recycling system by the consumer are less clean than the materials collected though the CDS scheme, due to their pathway via a comingled recycling bin and the way in which they are separated and treated at the MRF. Those PET bottles have lower market value than the PET bottles collected through the CDS. This too is a disincentive to investment.

SSROC recommends commonwealth, state and territory government intervention to create markets before the ban comes into force.

2.4 Paper

The discussion paper states that the only value-add to mixed paper/card is pulping and that would be the only form in which paper/card could be exported.

Bin audits were conducted in 2019 in the local government areas of the SSROC member councils. The audits used NSW EPA categories and identified around 40 per cent by weight of the average recycling bin to be recyclable paper and card (i.e. newspapers, magazines, cardboard, liquid paperboard and other recyclable paper). Non-recyclable soiled paper constituted only 4 per cent.

If pulping is not viable due lack of markets for the pulped output, the short-term option for MRF operators would be to landfill it. Based on SSROC's latest dataset, that would mean 40 per cent of the recycling stream could not actually be recycled, which would have serious implications:

- council contractors would be unable viably to meet the terms of their contracts;

- citizens might stop separating their waste as they lose confidence in the waste processing system;
- alternative pathways for the material would have to found.

Landfill conflicts with the intent of the ban, circular economy principles and the waste hierarchy. It would not represent a significant improvement in waste management practices and every effort should be made to avoid landfilling recyclable materials.

SSROC recommends that governments should urgently focus on creating a range of pull markets, with notification to industry, manufacturing, import/exporters and state and local government that the ban will be imposed after a specified period.

The Paper acknowledges this need, with "*building Australia's capacity to generate high value recycled commodities and associated demand*" the Paper is close to silent on how that capacity is to be generated and how that associated demand is being funded, planned and developed.

Whilst the Product Stewardship Bill (Plastics and Packaging Amendments) will not and cannot alone, create that demand our response to this consultation still references our response to the consultation on that Bill.

3 Responses the Discussion Paper Questions

1. Tell us about your organisation:

a. What does your organisation do? Which sector/material stream(s) are you involved in?

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We advocate on behalf of our region to ensure that the major issues are addressed by all levels of government. Our current focus includes the environment, transport, procurement, waste, and planning.

SSROC is involved in local government and the provision of domestic waste services. Some councils also provide commercial waste services.

b. Which part(s) of the supply chain are you involved in (e.g. producer, processor, supplier, transport, exporter or local government)?

Local government.

c. Where is your organisation based and across which states/territories does it operate? What is the size of your operation? For peak organisations, please provide details about the members you represent. For businesses, please provide details about your approximate capacity (e.g. 25,000 tonnes each year).

SSROC is based in southern Sydney NSW and serves 11 member councils: Bayside, Burwood, Canada Bay, Canterbury Bankstown, Georges River, Inner West, Randwick, Sutherland, City of Sydney, Waverley and Woollahra. These councils together manage waste services for 1.73 million people generating 670,000 tonnes a year, approximately 20 per cent of NSW domestic waste.

2. Impact on your business/organisation:

a. What will the COAG export ban mean for your organisation/members and day-to-day business operations?

In addition to our introductory comments, we understand that a major recycling services operator serving Sydney has said that, if the ban is imposed, little could be done with the paper collected through the domestic stream. Further, that their only option under the current national proposal would be pulping to export. This would require them to invest $300 million in a new facility.

Should the processor choose not to invest in that way, they could, under change-of-law clauses, deem all paper in the domestic waste stream to be a contaminant that would be landfilled. This could apply nationally and is of serious concern to member councils.

Bin audits were conducted in 2019 in the local government areas of the SSROC member councils. The audits used NSW EPA categories and identified around 40 per cent by weight of the average recycling bin to be recyclable paper and card (i.e. newspapers, magazines, cardboard, liquid paperboard and other recyclable paper). Non-recyclable soiled paper constituted only 4 per cent.

If pulping is not viable due lack of markets for the pulped output, the short-term option for MRF operators would be to landfill it. Based on SSROC's latest dataset, that would mean 40 per cent of the recycling stream could not actually be recycled, which would have serious implications:

- council contractors would be unable viably to meet the terms of their contracts;
- citizens might stop separating their waste as they lose confidence in the waste processing system;
- alternative pathways for the material would have to found.

Landfill conflicts with the intent of the ban, circular economy principles and the waste hierarchy. It would not represent a significant improvement in waste management practices and every effort should be made to avoid landfilling recyclable materials.

Impact on day to day operations

The immediate operational change will be renegotiating council contracted services. Many of our member councils have had 12 months of challenging negotiations with service providers resulting from CDS and China Sword, shortly followed by the NSW Mixed Waste Organic Output (MWOO) ban related to processing residual mixed waste. Significant contractual implications are arising.

Commercial contracts with waste processors are typically of shorter duration than council contracts, so buyers can move between suppliers relatively easily. However, council contracts are the backbone of the waste industry and may have several years still to run. The timeline for the ban therefore needs to account for extensive contract re-negotiations on an intensively busy disrupted sector.

SSROC recommends that the Commonwealth Government commit resources to support local government through contractual negotiations.

This ban would affect every Australian who has access to recycling services. Councils would therefore also ask the Commonwealth Government to deliver a continuous national education and communications campaign. The campaign should explain the reasons for the change and what the nation needs to do differently as a result. This should focus on waste avoidance and reuse including what to do with unwanted, but serviceable, items.

SSROC and its member councils have a significant interest in the policy driving the ban along with the strategic intent of the ban itself. We understand that the longer term intent is towards developing a circular economy. SSROC is undertaking work with University of NSW SMaRT Centre and NSW Circular to identify such solutions for the region and beyond.

However, none of these solutions can eventuate without facilities and associated logistics, infrastructure for pre-sorting/treatment/secondary processing and investment in new solutions to provide the evidence for business justification. Textiles are included in our work as well as plastics and glass, since they are also a growing waste issue. However, the timeframe for commercialising solutions does not in any way align with the export ban timeline.

Industry has seeking change to government procurement practices for some years now to drive the development of the recycling industry by demanding recycled products and content. However, SSROC is aware of only very few significant contracts of a scale that might have that effect. Leadership statements and commitment to change are encouraging, but the necessary conditions for procurement of recycled products and content are slow to follow. For example:

- governments are usually required to buy products that meet relevant Australian Standards, but those standards are not updated for the new products,
- government tender processes rightly follow national competition policy, but that does sometimes have the effect of slowing the process,
- specifications for products need to be amended,
- tender evaluation process need to be altered to reflect the changing purchasing priorities.

Similarly, manufacturers need to be confident in the performance of reprocessed materials or compounds, and their customers also need to have confidence in those products. All market participants will be affected to some extent.

(Please also see the response to question 4c below for details about SSROC's leading procurement practices.)

In summary, SSROC strongly supports the policy intent, but recommends that more time is allowed to prove business concepts and to allow all market participants to adapt to a state where recycled materials are accepted.

b. If it results in a change to your business, what does that change look like?

Immediate and short term.

Changes for councils are likely to be:

- increased costs,
- reduced diversion from landfill,
- landfill scarcity.

SSROC is extremely concerned that recycling facility operators, facing no commercially viable Australian market for their output, will use change-of-law clauses to deem the materials to be contamination. This recyclable material would be landfilled by the MRF until such time that there is an alternative solution. Under the commercial arrangements of many local government recycling processing contracts, a cost penalty is incurred for contamination above a specified limit.

Based on the likely proportion of material that is likely to be deemed to be contaminants, increased costs to councils for processing are very likely, especially in Sydney where the levy on landfilling is currently $143.60 per tonne in the metropolitan area.

In the Sydney Basin landfill capacity is already seriously constrained. It is subject to additional demand due to the recent requirement to receive well over 100,000 tonnes per year of mixed residual waste as a result of the NSW Government ban on the application to land of MWOO. Without sufficient time to adapt MRFs will in the short-term landfill recyclable material, resulting in even greater pressure on landfills.

The Paper does not present any modelling of the implications of the ban for MRFs or landfills. SSROC urges the Commonwealth government to undertake such a modelling exercise. If it has been done, then publishing it would be very helpful for councils and other stakeholders.

Medium term – 2-5 years.

Councils may seek to change the way services are provided, although there are as yet no definite plans. Options include, for example: more source-separation into more bins, more or different services, more collections necessitating more trucks on the streets and more cost to ratepayers, or more mandatory product stewardship schemes.

c. *Will these changes require your business to invest? If so what is the approximate dollar value of the investment? What would be the main focus of this investment (for example, new infrastructure or hiring new staff)? What is this investment expected to result in (for example, increased capacity from X to Y, new products being developed)?*

For local government waste management and resource recovery generally represent costs rather than investment. In NSW councils are required under the Local Government Act to pass these costs through to ratepayers. However some councils are starting to investigate different models and relationships with waste service providers.

Please refer to the NSW Government Resource Recovery Partnership Project which is trialling alternative ways of procuring and contracting local government services (contact Justin Koek, Director China Sword at Department Planning Industry and Environment Justin.Koek@epa.nsw.gov.au).

d. *Are there any impediments to investment and how can these be overcome?*

Impediments to investment include:

i. Current lack of market for recycled materials. Commonwealth Government have a role in driving the development of these pull markets through, at a minimum the manufacturing, building and government sectors.

ii. SSROC councils do not have any funding available for the new infrastructure required and are reluctant to enter into the operation of the waste industry beyond collection services.

iii. NSW local government procurement regulations prevent councils from entering into some more innovative contractual arrangements such as negotiated risk-sharing agreements.

e. *Could these changes create jobs in your business? If so, approximately how many?*

No comment

f. *What are the other challenges and/or opportunities for your business/industry as a result of the export ban?*

Challenges for councils include:

i. Investment and time constraints, these could be addressed through government action at all levels to create suitable markets for materials and products with recycled content, and sufficient time to allow industry to develop solution.

ii. Increase in cost to ratepayers and increased disposal of recyclable material to landfill, which could be addressed by implementing the ban with adequate time, budget and development of Australian markets for products with recycled content.

iii. Managing the community response, which could be addressed through a suitably funded and nationally consistent communications and education campaign.

3. *The proposed definitions and timetable for implementing the COAG export ban are at **Error! Reference source not found.**.*

a. *Are there any additional waste plastic, paper, glass or tyre materials that should be included in the proposed timetable? Please detail why and in what circumstances.*

No comment

b. *Are there any waste plastic, paper, glass or tyre materials you consider should be excluded from the ban? Please detail why and in what circumstances.*

Rather than excluding certain materials SSROC suggests that a phased introduction following the ban date would be appropriate to address the challenges around plastics.

SSROC would also like to see the development and introduction of new quality standards and specifications for the materials that are proposed for export in order to meet the 'value add' criteria.

Refuse Derived Fuel should also be excluded from the ban as it adds value to materials that would have had to be landfilled.

c. *How ready is your business/industry/local government to meet the proposed start dates for banning the exports of different types of waste plastic, paper, glass and tyres?*

Mixed Plastic Waste

Councils are not ready because the waste industry on which local government depends is unlikely to be ready. SSROC does not know of any facilities in Sydney to sort/clean/re-process mixed plastic waste before use in re-manufacturing. As a result there appears to be no ability to sell materials, and with no export option it seems highly likely that waste service providers and processors will determine that those specified materials are contaminants. Councils could not ready for the ban until those facilities are operational in perhaps 2-5 years, and new contracts are put in place.

It is also likely that the ban will create a lack of confidence and volatile market conditions for any new tenders being let or contracts that need to be renewed. All costs will have to be passed through to residents. Councils are already under pressure to cope with changes resulting from the NSW CDS implementation and ban on MWOO application to land: they will be challenged to have arrangements in place by the proposed date of the ban.

The Paper notes that 43 per cent of Australia's exported waste plastic leaves from NSW and 40 per cent from Victoria. SSROC recommends that the government urgently prioritise investment in sorting and reprocessing facilities in those states. Specifically in NSW in proximity to Newcastle, Wollongong and within reach of Port Botany.

Waste Paper

SSROC member councils are not ready for the ban on waste paper exports. Unsorted waste and scrap paper is described in the discussion paper as "*being sourced largely from municipal recycling sources and are often contaminated by food, glass fines, and plastics making them more difficult to recycle*".

Further to our comments at question 2(a) and the information about the quantum of paper in the average yellow bin: the options appear to be:

- Retain co-mingled collections and require the processor to find a solution to recover that material. If that is not possible for them to treat it though another recovery process such as refuse derived fuel: but there are not yet sufficient and suitable facilities in NSW;
- Remove paper and cardboard from the domestic recycling stream and add it to the mixed residual waste stream. This approach would undermine confidence in recycling systems generally, conflict with the waste hierarchy of NSW government policy, and end the established practice of the major paper manufacturer in Australia using recovered paper as feedstock for their mills. This would be unlikely to be acceptable.
- Legislate a separate paper/card collection, separate glass collection and separate HDPE/PET collection service with the remainder going into red bin until such time as other uses found for residues. This would have major financial, environmental and social implications.

4. *Industry and government actions:*

a. What could industry do to help your business or sector to ensure the waste export bans are effective and adverse consequences are avoided? (Please be as specific as possible.)

Industry needs to develop solutions, secure investment, and give investors' confidence in new business proposals.

b. What could government do to help your business or sector to ensure the waste export bans are effective and adverse consequences are avoided? (Please be as specific as possible.)

For industry to play its part by developing and delivering solutions, all governments need to create the right conditions for market development. This includes for example:

i. ensuring that suitably zoned land is available for the establishment of new facilities,
ii. planning for the movement of waste-related freight to new facilities,
iii. fast-tracking approvals process for new facilities,
iv. revising and improving the efficiency of processes for recognising when waste has ceased to be waste and become a new material, compound or product,
v. preferencing recycled products and content in their procurement processes,
vi. putting economic levers in place, such as incentives for investment in recycling infrastructure and new technologies,
vii. demonstrating the reliability of new materials,
viii. timely development of any necessary new regulation, e.g. to phase out composite material that cannot easily be separated for recycling,
ix. assurance that approved facilities will continue to be licensed to operate for the life of the facility,
x. robust policy and legal frameworks.

SSROC also recommends the following actions:

- also consider creating mandatory extended producer responsibility schemes that require brand owners to ensure their products and packaging are recycled rather than just recyclable;
- map the material flows of the various numbers/types of plastics and use that to prioritise the timing of the bans;
- release data and modelling that shows the expected impact of the APCO targets on domestic, commercial and industrial waste streams. For example, the impact on the average domestic bin in each state if the APCO targets are met fully, or short by 25 or 50 per cent, and potential quantities of each plastic type;
- release a detailed implementation and evaluation plan for the lead up to and potentially 3-5 years transition following the ban;
- consider how the same regulations for the export bans can be applied to imported materials and goods
- implement recommendations in the SSROC submission on the Product Stewardship Bill and establishment of the new scheme:
    1. A funding package and implementation plan for the new infrastructure needed to meet the plastic and packaging targets identified in the Bill.
    2. The establishment of legislative and economic incentives and penalties for manufacturers, distributors and retailers for all effected sectors to make these substantial changes.
    3. The establishment of economic incentives to increase the use of recycled materials to create end markets and stimulate investment in reprocessing capacity.
    4. The funding for a national behaviour change program to ensure that key stakeholders participate in the scheme and that supports the phasing out of the problematic plastics identified in the Bill.
    5. Extending the timetable for the target related to the creation of a national deposit scheme for beverage containers.

6. Consultation with recycling and resource recovery facilities within Australia on the list of prohibited plastics on page 14 of the Bill, before it is finalised to ensure that any difficult to recycle plastics are considered for this list.
7. The inclusion of balloons, plastic glitter and confetti to the list of prohibited plastics to the list of prohibited plastics.
8. The inclusion in the new scheme that product manufacturers and/or retailers should be responsible for the collection and/or treatment of packaging that is brought into major infrastructure sites.

c. What actions can industry and governments (Commonwealth, state, territory and local) take to drive demand for the use of recycled materials?

Review and agree consistent definitions of 'waste', and in NSW review the orders and exemptions so that recycled and repurposed materials can be specified and used with confidence that they will remain legal in future. The current situation in NSW where exemptions can be repealed at short hours' notice is unworkable. It is a major impediment to progressing a circular economy.

Commit to and act on procurement of materials with recycled content. Refer to Adelaide Councils' and SSROCs' MOU regarding procurement preferences for recycled content:

- https://wastemanagementreview.com.au/nsw-councils-sign-recycling-target-mou/
- https://wastemanagementreview.com.au/south-australian-councils-sign-procurement-mou/ https://www.lga.sa.gov.au/buyingitback

SSROC is leading a regional civil works materials procurement in partnership with NatSpec. The project is designed to drive demand for use of recycled materials in civil works tenders, stimulate the creation new markets and investment in new infrastructure in the Sydney Metropolitan Area.

5. What do you consider is the largest barrier to improving waste management and recycling in Australia?

Lack of legislation including producer responsibility, fiscal drivers to drive change and create the essential pull markets.

6. Please provide any further information relevant to implementing the export bans.

In the Paper the intent of the government appears to be to target material from recycling bins (except for tyres), but the ban is not limited to this stream. Materials generated from council clean-up collections will also be affected.

Refuse derived fuel produced from residual council waste (whichever stream it originated from) should be added to the table of value added materials that are not subject to the export ban (Table 2) as it has already had value added and diverts material from landfill.

Please also refer to SSROC submission on the Product Stewardship Amendment (Packaging and Plastics Bill) as the same issues apply to the export ban dates. Specific extracts copied here for your convenience:

> "… for this scheme to be successful, it needs to be introduced with a significant funding commitment from the Commonwealth government to invest in the capacity and capability of the recycling and remanufacturing industry in Australia so that they can adequately respond to this new scheme. Investment is urgently needed to develop domestic reprocessing manufacturing facilities and end markets for recyclable materials such as plastic, glass, and compostable packaging, as well as the regulatory environment, to meet the targets identified in this Bill"
>
> "Investment and land acquisition are also needed for the development of onshore reprocessing manufacturing facilities to collect, transport and process mixed waste plastic –

ideally into new raw materials as inputs for onshore manufacturers. Domestic end markets need to be identified and resourced appropriately to repurpose the targeted materials into useful new input materials for manufacturers or other purposes".

4 Conclusion

SSROC supports the Commonwealth, State and Territory governments' agreement that waste plastic, paper, glass and tyres that have not been processed into value-added materials should be banned from export from Australia. However, we also note the ambitious proposed dates for these export bans, and urge COAG to accept that a more considered approach to the timing of the bans is necessary to avoid perverse outcomes from hasty deadlines such as increasing the landfilling of recyclable materials.

The Paper acknowledges that "*resourcing from Commonwealth, states and territories, and industry, will be required to effectively implement the ban and that Local governments will also have a key role*". But it does not address or seek feedback on resourcing, and does not provide confidence that those resources, including re-processing facilities, will be available by the proposed ban dates.

Thank you for this opportunity to comment on the waste export ban. For any enquiries, please contact me or Helen Sloan, Program Manager SSROC, on 02 8396 3800.

Yours sincerely

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