



AUSTRALIAN  
LOCAL GOVERNMENT  
ASSOCIATION

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

Dear Ms Tilley

The Australian Local Government Association (ALGA) is pleased to provide this submission to the National Waste and Recycling Taskforce in regard to its Council of Australian Governments (COAG) Waste Export Ban Consultation Paper.

Local Government plays a critical role in Australia's waste and resource recovery system and as such should be considered a key stakeholder in this consultation process.

This submission should be considered in conjunction with any submission made by State/Territory Associations and individual local councils.

The great bulk of Australia's exported mixed paper and mixed plastic waste comes from material recovery facilities (MRFs) owned or contracted by Local Government.

In 2018 the China National Sword waste restrictions on mixed paper and plastic waste resulted in a greater reliance by Local Government on secondary export markets. These markets, which are also now closing, do not however, provide equivalent financial returns for waste. The costs of waste management have therefore become significant, and with the absence of a mandated product stewardship scheme, they are borne by local communities and individual rate payers.

The *National Waste Policy 2018*, and its associated *Action Plan*, which incorporates the waste export ban, aims to reform waste management in Australia through infrastructure and market development and ambitious new targets for the rates of waste recovery and recycling. The aims of the Policy, *Action Plan* and the ban are, in principle, very much supported by Local Government.

However, to make the *Action Plan* and ban effective, onshore alternatives to banned overseas markets need to be created. These need to provide sustainable financial returns for collected waste.

From the outset, however, the cost and implications of the waste export ban and various options to support it need to be determined and addressed by the Commonwealth, states and territories through a Regulatory Impact Statement (RIS).

At both the August 2019 COAG meeting and November 2019 Meeting of Environment Ministers (MEM), all jurisdictions acknowledged that resourcing will be required to effectively implement the ban. It is now a matter of some urgency that appropriate funding is made available to support the effective implementation of the ban and ensure the ban's ambitious timetable does not inequitably impact Local Government, local communities and individual rate payers. The Commonwealth, and the states and territories, should contribute to the funding pool.

The proposed timetable for the ban is highly ambitious. If it is not managed proactively and effectively it may lead to MRF-sourced mixed paper and plastics being landfilled, illegally dumped, used for waste-to-energy or stockpiled, or it might potentially challenge the viability of a significant proportion of kerbside Municipal Solid Waste (MSW) collections.

### ***Recommendations***

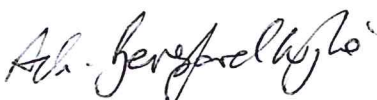
To meet the proposed waste ban timetable and ensure it does not result in unintended consequences, the Commonwealth, states and territories should:

1. Develop a RIS analysing the economics of various options for increasing the capacity across Australia of waste recovery, re-processing and re-manufacturing, and of options aimed at developing new markets for recovered waste and for products with recycled content;
2. Identify and commit to providing the required quantum of funding for effective price signalling and interventions, including procurement targets, to support infrastructure investment and industry innovation and transfer of technology and skills;
3. Outline a program of specific actions to incentivise new markets, each with its own timeframe and budget;
4. Hasten the setting of standards, by adopting appropriate overseas standards or funding expedited trials;
5. Ensure APCO targets are regularly reviewed to ensure that they remain as ambitious as possible; and
6. Legislate sufficiently strong incentives for industry brands which have not become signatories to the APCO Covenant to do so immediately.

The rationale for each of these recommendations is outlined under the relevant Terms of Reference in the attached submission.

Please contact Roslyn Chivers at [roslyn.chivers@alga.asn.au](mailto:roslyn.chivers@alga.asn.au) if you would like to discuss this submission further.

Your sincerely



Adrian Beresford-Wylie  
Chief Executive



AUSTRALIAN  
**LOCAL GOVERNMENT**  
ASSOCIATION

# Submission to the National Waste and Recycling Taskforce

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Response to the COAG Waste Export Ban Consultation Plan

3 December 2019

# 1. Tell us about your organisation

The Australian Local Government Association (ALGA) is the national voice of Local Government in Australia, representing 537 councils across the country. In structure, ALGA is a federation of state and territory Local Government associations. ALGA was established in 1947 and throughout its history has been closely involved in issues of national significance affecting the Local Government sector as a whole.

Local Government, directly or through contractual arrangements, manages municipal solid waste (MSW) through kerbside collection as well as through the sorting, processing and recycling of waste at local and regional material recovery facilities (MRFs). It provides community education and behaviour change programmes, collects litter, tackles illegal dumping and administers compliance.

There are 537 Local Government councils, which vary enormously in geographic area and population base. Councils range in size from the smallest employing 11 staff, to the largest with over 8,300 employees; and in size from the smallest covering 1.5 square kilometres to the largest covering 380,000 square kilometres.

Local Government has an important role in establishing waste infrastructure. It offers large-scale and long-term contracts that often effectively underwrite the security of the waste infrastructure investment. This can apply to landfills, composting facilities, alternative waste technologies (AWTs) and other infrastructure.

In 2016-17, Local Government managed the collection of around 9.7 Mt of residual waste from kerbside bin services. While councils across Australia recover 62% of Australia's core waste, there is a significant variation in council recovery rates across jurisdictions. While South Australian councils achieve an average 82% recovery rate, Queensland councils average 47% and those in the NT 15%. While councils in some jurisdictions are reducing their rates of waste sent to landfill, others are not. Since 2006-7, councils in WA have reduced landfilling by an average of -40% and in the NT by -37%; however, Queensland councils have increased it by an average of 21% and NSW by 14%.<sup>1</sup>

Most of Australia's council and council-contracted MRFs lack the technical capacity to sort co-mingled, highly-contaminated municipal waste into many specific material types that have low levels of contamination. Only 10 Local Government Areas have kerbside collections that can accept all types of recyclable plastic and plastic bags.<sup>2</sup> Kerbside municipal waste collection and recycling services are not available in most communities in regional and remote Australia.

The Australian Waste sector directly employs almost 50,000 people (full time equivalent), accounting for about 0.5% of total employment. About 20% of waste related activity is undertaken by Local Government.<sup>3</sup>

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<sup>1</sup> Blue Environment 2018 *National Waste Report* p23

<sup>2</sup> Department of the Environment and Energy 2018, *Analysis of Australia's municipal recycling infrastructure capacity*

<sup>3</sup> *Ibid* p55

## 2. Impact on your business

### a) What will the COAG export ban mean for your members and day-to-day business operations

The primary issue confronting communities, local governments and MRFs is that the export ban will terminate the markets for waste they currently use. If alternatives are not created, communities may bear the costs of the ban through higher rates. Alternatively, waste collected in kerbside recycling bins could end up being landfilled, and a significant proportion of kerbside MSW collections made unviable.

The degree to which Local Government waste management depends on overseas waste markets is discussed in more detail below.

#### ***Mixed paper & cardboard – banned from June 2022***

In 2018-19, domestic paper and paperboard re-processors received 1,559 kt of recovered paper. The commercial and industrial (C&I) sector supplied 86% of this figure. By contrast, MRFs supplied only 14 percent of it, exporting the remaining 70% of their recovered paper and cardboard.<sup>4</sup>

**Table 1: Sources and destination of recovered paper 2018-19 (kt)<sup>5</sup>**

|  | from MRFs  | from C&I   | Total          |
|--|------------|------------|----------------|
| <b>recovered paper</b>                               | 856.9      | 1,819      | <b>2,675</b>   |
| <b>exported paper</b>                                | 599.8      | 471.1      | <b>1,071</b>   |
| <i>% of recovered paper exported</i>                 | <i>70%</i> | <i>26%</i> |                |
| <b>paper delivered to an on-shore re-processor</b>   | 220.7      | 1,337.9    | <b>1,558.6</b> |
| <i>% of waste received by on-shore re-processors</i> | <i>14%</i> | <i>86%</i> |                |

Australian re-processors have little incentive to accept MRF-collected paper because it is generally mixed paper with a high level of glass and foodstuff contamination. Furthermore, even if MRF contamination rates were significantly lower, re-processors currently supply enough paper pulp, from C&I sources, to meet Australian re-processors' demand for pulp paper.<sup>6</sup> On-shore re-processing produces paper that is consumed domestically but also exported (at a level that marginally exceeds paper imports).<sup>7</sup>

This implies that by ending access to overseas markets, the export ban will close the bulk of markets for paper currently used by local councils. The 2022 deadline means new markets must be created within a very short period. If no new domestic mixed paper re-processors are established, contamination rates will need to be reduced. This might be achieved through upgraded kerbside collection or improved sorting technology.

<sup>4</sup> Industry Edge, 2019, *Assessment of Australian paper & paperboard recycling infrastructure and 2018-19 exports, including to China*, p24

<sup>5</sup> *ibid* p24

<sup>6</sup> *ibid* p24

<sup>7</sup> *ibid* p7

Such changes will increase recovery costs, and where these costs prove unsustainable for councils, a large volume of municipally-recovered paper may be landfilled<sup>8</sup>, stockpiled, illegally dumped or burnt for waste-to-energy. Under such circumstances, the cost of separate kerbside bins for recyclable material will become difficult to sustain.

### ***Mixed plastics banned – from July 2021***

Each year Australia produces around 2.5 million tonnes of plastic waste, and in 2016–17 only around 12% of this was recycled. In 2017-18, MRFs were responsible for around half of scrap plastic recovered, mostly rigid packaging<sup>9</sup> constituting contaminated 'mixed plastic waste'. As with paper, on-shore plastic re-processors seek post-industrial rather than post-consumer recovered plastics. Only a few recyclers are able to make mixed-polymer products, such as posts, seating and boardwalks<sup>10</sup>. Their capacity to accept mixed plastics is limited, however, by the level of demand for those finished products. As a result, mixed plastic from council MRFs constitute up to 80% of Australian plastic exports.

As with paper, this implies that by ending access to overseas markets, the export ban will close the bulk of currently used markets for plastic. New re-processing infrastructure investment for mixed plastics will need to be established, otherwise greater separation of plastics will be required. Upgraded kerbside collection or new investment in the required sorting technology at MRFs to achieve this will increase recovery costs. Where these are beyond the means of communities, landfilling or stockpiling will make it hard to justify kerbside recycling collection.

If road construction becomes a primary destination for mixed plastic, this too will have implications for communities. Local Government maintains 75% of Australian roads, and incorporating plastics into their resurfacing could possibly incur additional costs.

For both onshore re-processing of plastics and paper from MSW, a regulatory impact statement (RIS) considering the costs of all options is required.

### ***Glass & tyres***

A glass / tyre export ban will have little impact on councils, as little is currently exported from MRFs. However, allowing the export of shredded tyres for use as fuel might be seen as contrary to the circular economy aims of the *National Waste Policy 2018*. Burning shredded tyres takes them out of circulation, and in developing countries produces deleterious impacts on local environments and health.

The timetable for the phase out of glass and tyre exports is, however, feasible.

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<sup>8</sup> *ibid* p25

<sup>9</sup> Envisage Works, 2019, *Plastics infrastructure analysis update* p10

<sup>10</sup> *ibid* p17

**b) If it results in a change in Local Government business what does that change look like?**

Most councils offering kerbside recycling services have entered long term recycling/processing contracts with industry. Some councils already pay a premium for recycling compared with landfilling, particularly regionally where transport costs are high. A few remote councils do not offer recycling services as it is uneconomical. Councils and their ratepayers have been impacted by contract changes and price increases as a result of China National Sword restrictions. The waste export ban is likely to also require extensive renegotiation of contracts. Some councils have already been contacted by their contractors regarding Change of Law clauses due to the ban. If there are no supply chains and viable end markets for mixed plastics and unsorted paper once the ban is introduced, councils will be penalised heavily by contractors for increased contamination of recycling bins. These increased costs will be either passed onto residents or they may result in an end to kerbside recycling collections.

**c) Will these changes require Local Government to invest?**

Investment is therefore required in new collection methods that lead to lower contamination rates, and in more sophisticated sorting technologies. Only approximately 10 local councils currently have the capacity to sort plastic waste. Kerbside mixed plastics and unsorted paper cannot compete with cleaner streams from CDS and commercial and industrial (C&I) sources. Mixed paper derived from council recycling bins is not a tradable commodity, as it is usually contaminated with glass or foodstuffs.

**d) Are there impediments to investment?**

Local Government does not have the financial capacity to make these investments. Local Government only raises around 3.4 per cent of Australia's total taxation revenue per annum and has an annual operational expenditure of around \$37 billion, approximately 6 per cent of total public sector spending. Waste is only one of Local Government's many areas of critical local area service provision.

Because Local Government funding is largely limited to rate collection, the cost of the ban is likely to be borne by ratepayers. This is iniquitous given the ban will in effect be a Commonwealth policy.

Grants from other levels of government make up only 10 per cent of Local Government's total revenue; however, these grants are particularly important in areas with a low rate base, and/or high growth rate, and rapidly expanding service and infrastructure needs.

Limits to raising council rates, which in some areas have been formalised by state government rate capping, and the relative decline in core federal funding to Local Government has reduced the capacity of councils to develop and maintain services and infrastructure in their communities.

**e) Could these changes create jobs in your business?**

Government intervention is required to create new markets and increase the capacity of waste infrastructure to compensate for the loss of overseas markets. Such interventions have the capacity to increase the recycling rate, which will create employment. The *National Waste Policy Action Plan* states that for every 10,000 tonnes of waste recycled, 9.2 jobs are created. If the 1.4 million tonnes of waste exported in 2018-19 were recycled on shore, this amounts to the creation of 1,288 jobs.

**f) What are the other challenges?**

- community recovered waste is unlikely to be able to compete for recycling markets with the cleaner streams from CDS. Kerbside collection has a high degree of contamination from glass and foodstuff;
- community recovered waste is unlikely to be able to compete with virgin materials, because of costs;
- regional and rural areas have less capacity and capability for sorting than metropolitan area, and face greater transport costs; and
- further source separation at kerbside is limited in metro areas due to bin space restrictions, particularly in multi-unit dwellings, and transport logistics and traffic congestion.

**3. The proposed definitions and timetable for implementing the COAG export ban**

**a) Are there any additional wastes that should be included in the ban?**

Export of e-waste has major environmental impacts in developing countries. The national waste taskforce should consider investigating this area in more detail.

**b) Are there any waste plastic, paper, glass or tyre materials you consider should be excluded from the ban?**

No.

**c) How ready is Local Government to meet the proposed start dates for banning exports?**

There is great variation in the capacity and capabilities of MRFs, which are influenced by their location and the populations they service. In general, however, most local governments are currently unprepared and will face challenges in achieving adequate preparation in time for the ban. Most currently have no alternate to overseas markets for recovered mixed waste and most lack the technical capacity to sort co-mingled contaminated recycling into specific material types for shredding or pelleting. Neither do they have the finances to invest in the new plant and equipment needed to produce uncontaminated waste.



## **4. Industry and Government Action**

### **a) What could industry do to help your sector ensure the waste export bans are effective and adverse consequences are avoided?**

#### ***Industry investment***

Please see the response to Question 4(b) below, which addresses needed industry *and* government collaboration around industry investment.

#### ***Product stewardship and APCO targets***

There is a need to redesign current packaging in order that there is less of it and that it contains less mixed material and is therefore more easily recycled. Where packaging is redesigned to be made compostable, infrastructure capable of composting it needs to be developed. Local Government supports mandatory product stewardship. However, packaging reform is currently being undertaken by industry under a voluntary program administered by the Australian Packaging Covenant Organisation (APCO). ALGA acknowledges APCO must be fully supported in this. It is, however, important that APCO regularly review and update its targets to keep them as ambitious as possible. ALGA commends APCO's current review of its target around the average percentage of recycled content in packaging to be achieved by 2025 and encourages it to do the same with other targets.

Furthermore, states and territories need to adopt sufficiently strong incentives for industry brands that are not APCO signatories to immediately become APCO signatories. The upcoming review of the packaging NEPM should strive to assist states in addressing the issue of free-riders.

### **b) What could government do to help your sector ensure the waste export bans are effective and adverse consequences are avoided.**

A first step in effectively and equitably achieving the ban should be to commission a Regulation Impact Statement (RIS). Subsequently, an optimal quantum of funding from the Commonwealth and states and territories needs to be identified and committed. All levels of government and industry need to collaborate on the ensuing implementation program.

#### ***RIS***

Local Government is concerned that there has been no RIS around the ban developed, particularly as the impacts of the ban are likely to affect Local Government and their communities disproportionately to the other levels of government. A RIS is a rigorous process for analysing the most feasible (efficient and effective) options available, including the possibility of regulation, to produce the greatest net benefit to society, while simultaneously meeting the needs of government. A RIS should be prepared once an administrative decision is made that regulation may be necessary, but before a policy decision is made on the nature of the regulation needed. Undertaking the RIS process minimises the likelihood of unnecessary regulation and maximises the potential for achieving the regulatory objective and delivering benefits to the community.

The objective of the RIS process is to ensure that if regulation is necessary it has the least possible regulatory costs and does not unnecessarily impede competition.<sup>11</sup>

A RIS should consider options for reprocessing and remanufacturing capacity across Australia to meet the export ban. It should consider transport issues experienced by remote regions and, in particular, by Western Australia and the Northern Territory. The RIS should embrace the concept of the circular economy and ensure options such as waste-to-energy are not placed on the table as long-term means of dealing with the banned materials. Consultation should be sought from the Australian Government, state and territory governments, ALGA and representatives from the waste and resource recovery industry.

### ***Infrastructure funding***

The Commonwealth and state and territory governments have an important role to play in seed-financing industry infrastructure development; and supporting industry innovation, technology and skills transfer. Local Government is restricted in its capacity to provide investment for the reasons discussed at 2(d) above.

Prior to the 2019 Federal election, the Australian Government committed to allowing the Clean Energy Finance Corporation to support manufacturing of recycled content products. However, legislative changes required to allow this have still not been introduced, and should be introduced as a matter of urgency. One of the few significant financial commitments made by the Commonwealth to date, low cost financing, however, is insufficient on its own. Other commitments made prior to the 2019 Federal election now need extending. An appropriate quantum for new Commonwealth finances must be urgently identified, committed and allocated. The RIS will help to identify the optimal quantum of funding.

The following areas should be given priority consideration for investment by the Commonwealth, states, territories and industry. Local government is able to contribute in terms of facilitation.

- Improved kerbside standards and education programs to reduce source point contamination;
- upgrades to plastic polymer sorting equipment at MRFs, in order to positively identify and sort additional polymer types, and to improve the positive polymer sorting of PET and HDPE to increase sorting recovery rates. This would reduce the amount of low-value mixed products;
- new re-processing plants for paper and plastics;
- chemical recycling plants to enable the recycling of mixed polymer plastic; and
- new industries and products that can use recycle derived from recovered mixed plastic.

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<sup>11</sup> Department of Prime Minister and Cabinet, 2019, [www.pmc.gov.au/regulation](http://www.pmc.gov.au/regulation)

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

***Development of new markets***

The *National Waste Policy Action Plan* acknowledges the importance of developing new markets for recovered waste, which is fundamental given local communities' dependence on soon-to-be-banned export markets for mixed waste.

A program of specific actions to incentivise new markets, each with its own timeframe, should be developed within the first quarter of 2020. Attention must be given to the particular markets that need developing, and to the regulations and incentives necessary for that development.

The Commonwealth, states, territories and local governments need to drive market pull-through of products with recycled-content by adopting more supportive, mandated procurement targets. Major businesses should be required to do the same. Utilising products with mixed plastic waste content should be a particular priority, as should expanding the range of such products.

Once trials are complete, mandating the use of mixed plastic and tyre crumb content in new road construction projects contracted by governments might compensate for banned overseas markets. Councils manage some 75 percent of Australian secondary roads, many in rural and remote areas, and so could be a major means of implementation. However, the costs of using recycle in roads may be higher, so the implications for local councils need to be considered.

***Setting of standards***

A number of barriers exist for the use of recycled materials in manufacturing and engineering. These include lack of awareness or confidence in recycled materials, the need for research and engineering certification for these new materials, and challenges in guaranteed quality and volume of supply. The setting of standards will need to be hastened, through the provision of funding for expedited trials that do not compromise safety.

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

Major barriers to improving waste management and recycling in Australia are:

- a lack of price signals for investment in recovery and recycling infrastructure;
- a lack of strong procurement targets and onshore markets for recovered waste and products containing recycled material;
- the relatively low cost of virgin materials;
- consumer behaviour;
- non-hypothecation of waste levies; and
- thin markets and transport costs experienced in regional and remote areas.