

COVER SHEET FOR SUBMISSIONS

CONSULTATION RIS - PHASING OUT CERTAIN WASTE EXPORTS

Overview

The Department of the Environment and Energy, on behalf of all Australian governments, has released a Council of Australian Governments' (COAG) consultation Regulation Impact Statement (RIS) on phasing out certain waste exports. The Department is inviting members of the public and industry to provide submissions. Submissions should be provided by **12 February 2020**.

Contact details

Organisation (if applicable)		WA Local Government Association
Title	Name (required)	Rebecca Brown
Position within organisation (if applicable)		Manager, Waste and Recycling
Postal address (required)		PO Box 1544, West Perth, WA 6872
Email address (required)		rbrown@walga.asn.au
Phone number (optional)		08 9213 2063

Confidentiality and publication

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If you do indicate that your submission is confidential, it will not be published on the Department's website.

Is this a confidential submission?

Yes No

(If yes, please clearly mark each page of your submission 'confidential')

If only a part of your submission is confidential, for example because it contains a small amount of commercially sensitive information, please provide two clearly marked versions of the submission, a full version and one with the confidential information removed, for publication.

If your submission is published, the Department will include identifying details (author name and state/territory). Contact information (such as names, signatures, addresses or phone numbers) and information may be included in published submissions.

While the Department values public consultation highly and seeks to be transparent, it is under no obligation to publish submissions it receives, and it reserves the right not to publish submissions on its website that raise legal or other concerns.

Status of this Submission

This Submission has been prepared through the Municipal Waste Advisory Council (MWAC) for the Western Australian Local Government Association (WALGA). MWAC is a standing committee of WALGA, with delegated authority to represent the Association in all matters relating to solid waste management. MWAC's membership includes the major Regional Councils (waste management) as well as a number of Local Government representatives. This makes MWAC a unique forum through which all the major Local Government waste management organisations cooperate.

This Submission therefore represents the consolidated view of 138 Western Australian Local Government. However, individual Local Governments and Regional Councils may have views that differ from the positions taken here.

Due to the short timeframe for consultation on the document, this Submission has not been endorsed by MWAC. The Submission will be considered by MWAC at their next meeting on Wednesday 26 February. The Department will be informed of any changes following that consideration.

Introduction

The Western Australian Local Government Association (Association) welcomes the opportunity to comment on the Consultation Regulatory Impact Statement (CRIS) on phasing out certain waste exports. The Association would also like to note that there is a considerable amount of activity at a National level currently. The National Waste Policy Action Plan was recently released, two Senate Inquiries are underway, as well as the Discussion Paper on the Export Bans and the CRIS. Local Government considers it imperative that any changes need to be progressed in a cohesive way to avoid fragmentation and duplication of effort. Clear leadership from the Federal Government, working with States and Territories and Local Government will be essential.

Waste Management is a significant activity for Local Government. Local Government provides for waste, recycling, Garden Organic (GO) and Food Organic Garden Organic (FOGO) kerbside collection, vergeside collections, operates landfills, processing facilities and transfer stations, provides community education and behaviour change programmes and recycling drop off facilities, undertakes litter and illegal dumping collections and administers enforcement. Local Government also provides some services to the commercial sector.

In developing or supporting policy, Local Government has three roles, as a representative of the community, service provider and regulator. Local Government must represent community values since these are the fundamental basis for undertaking new challenges and continuing past work. Local Government must also apply its service provider expertise when considering means by which to achieve community benefits. Local Government also undertakes regulation in a large range of areas. In relation to the CRIS, there are significant potential impacts on Local Governments role as a service provider of, or contract manager to ensure, kerbside recycling.

In this Submission the likely impacts of the proposed bans are discussed in the context of Local Government collections of plastic, paper, glass and tyres. The questions in the CRIS are answered and additional commentary given.

Problem Definition

Consultation Questions

1. Do you agree with the problems that have been identified?
2. What effect do you think the problems could have on the waste and recycling sector, consumers and environmental regulators?
3. Do you have any information, analysis or data that supports characterising the impact of the problems identified?
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

The CRIS identifies a range of different problems related to the current reliance on export for a range of recyclable materials. The problems identified include:

- Australia's heavy reliance on export markets for recyclable material, it has been easier to manage difficult to sort materials via export
- Increasing concern regarding the impacts of these exports on human health and the environment
- Impact of plastic pollution in the oceans
- Tightened import restrictions in China, Indonesia, India, Malaysia and the Philippines
- Increasing scrutiny and focus in relation to international agreements regarding the trans-boundary movement of waste.

The Association agrees with the problems that have been identified and notes that the specific challenges for Western Australia have been included:

"Some jurisdictions such as Western Australia have no local manufacturing capacity for key packaging materials (e.g. glass, cardboard and plastics)."

In agreeing with the scope of the problem definition the Association would like to highlight the implications that product design has on the viability of recycling. The APCO figures indicated that only 86% of packaging is potentially recyclable through kerbside. Packaging design needs to change, in line with the Meeting of Environment Ministers directive to be 'recyclable, compostable or reusable by 2025 or before'. As identified by Environment Ministers there also needs to be a focus on waste avoidance, with Ministers highlighting 'unnecessary plastics'. WALGA would go further and has identified that waste avoidance is an essential component of addressing the current situation. Evidence based waste avoidance initiatives can provide substantial cost savings for Local Government, positive environmental outcomes and will help to minimise the impact of any bans. Two examples are Plastic Free July and No Junk Mail stickers. Plastic Free July started as a Western Australian Local Government initiative and is now a global program lead by a not for profit organisation. The Plastic Free July Program uses an evidence based approach to encourage behaviour change and has estimated that participation in the Program reduces an individual's waste (including recyclables) generation by 23kg/per year. WALGA has investigated the impact of Junk Mail – currently in the Perth metropolitan area only 26% households have No Junk Mail stickers. An average amount of Junk Mail received by these households is 1.43kg / fortnight, 37.31kg/year/household. Extrapolated across the metropolitan area that equates to approximately 20,600 tonnes per year. From the Waste Authority [Local Government Census, 2017/18](#), this could represent up to 10% of the overall recyclables collected (assuming all material is placed in the recycling bin).

For Western Australia, the consequence of China Sword and other import restrictions has been a substantial decrease in commodity prices over the past 2 years. This is having an ongoing impact on the recycling industry and has the potential to undermine recycling. In the non-metropolitan areas of Western Australia recycling already costs more than to landfill the material – as material with limited economic value has to be transported long distances to market. The Local Governments and their communities are currently covering this cost because they support the environmental and social benefits that occur through recycling – not because it is economical. In the metropolitan area, due to reduced commodity prices, recycling is becoming economically unviable for material recovery facilities. One material recovery facility publically [reported](#) the impact of decreased commodity prices – 1 ½ years ago – as having a \$60/tonne impact on their business and this has only worsened. To ensure these facilities continue to remain economically viable they will need to pass on the impact of commodity price reductions to their customers – Local Government – who then pass it through rates onto the community. The increase in costs to process recycling, in general terms over the past 2 years, in WA has increase from \$40 - 60/tonne to close to \$150/tonne – based on reduction in commodity value. If the value of the recyclables collected decreased, or became a cost, this would again have a significant impact on the viability of recycling. In Western Australia there is limited manufacturing, therefore potentially limited local markets for the production of material. Until that changes it is likely that export will remain a key market for materials collected.

An additional problem that needs to be addressed is the absence of an effective product stewardship schemes for these products. An effective scheme would make producers of material financially or physically responsible for their products at end of life. The Association has made comments, in previous Submissions, on the need to ensure the Australian Packaging Covenant is made into a mandatory or co-regulatory Scheme under the *Product Stewardship Act*. Through this, firm requirements could be put in place to regulate the packaging industry to meet the Environment Ministers requirements and as a funding body to underwrite the costs of recycling. WA will be implementing a Container Deposit Scheme on 2 June 2020 and the expectation is that this Scheme will have a positive impact on kerbside recycling by providing a stable and consistent price for the containers that continue to be collected. A similar approach could be taken to other commodities, for example like the Green Dot system in Germany – where packaging producers pay to ensure that their products are collected and recycled.

Policy Objectives

Consultation questions

5. Do you agree with the policy objective as outlined?
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 Association agrees with the policy objectives identified in the CRIS which are:

- *achieve better protection of the environment and human health through improved management of Australia's waste plastic, paper, glass and tyres*
- *ensure Australia actively manages the risk of countries imposing waste import restrictions so Australia's waste and recycling sector is well placed to manage any future disruption or closure of global waste markets without resulting in adverse environmental or human health impacts.*

However the Association would add a Policy Objective relating to Extended Producer Responsibility and ensure those generating products are physically or financially responsible for the material at end of life.

Policy options and impact analysis

The CRIS identifies three options:

Option 1 – Status quo, with consumer education and work on standards

Option 2(a) – Consumer education and prohibit or restrict exports of waste plastic, paper, tyres and glass without additional supporting government interventions

Option 2(b) – Consumer education and prohibit or restrict exports of waste plastic, paper, tyres and glass with additional supporting government interventions to build markets and associated demand.

The Association considers that the Option 1 – the status quo – has not effectively addressed the problems identified to date and there is nothing in particular outlined in the CRIS to suggest that this would change. See comments regarding APCO and Tyre Stewardship Australia.

Option 2 a) does not provide any additional assistance to transition of domestic reprocessing and use of material. Therefore this options is not supported.

Option 2 b) is supported, as long as, the range of support measured outlined are undertaken. The Association considers it of particular importance that effective product stewardship schemes are put in place as a matter of urgency and waste avoidances is given a focus.

Consultation Questions

7. What is your role in the waste stream (producer of waste, collection, recycler, exporter)?
Representing Local Governments which act as a community representative, service provider and regulator.
8. How have waste import restrictions imposed by other countries impacted your activities?
Yes, the import restrictions have progressively increasing the costs of recycling for Local Government and the community.
9. What would be the longer-term implications if similar import restrictions are imposed in other export markets? **WA exports the majority of recyclable commodities, increased costs are a likely outcome.**
10. Are there other existing or future government or industry-led initiatives that are relevant to addressing the problem? **See previous comments on the need for an effective product stewardship schemes.**
11. Does the status quo achieve the policy objectives? **No**

12. Are current laws and government policies sufficient to address the problem? **The Product Stewardship Act provides the head of power for effective product stewardship schemes – as long as the Schemes meet the objects of the Act. WALGA has also recommended that the Tyre Stewardship Scheme be brought under the Act to ensure it is effective and covers the costs associated with end of life tyre management. Another example of an effective Product Stewardship Scheme is the Used Oil Program, which incentivises the preferred recycling options of oil to oil recycling within Australia. There are a range of other government interventions – such as buy recycled requirements – which will be needed to ensure local markets can be developed for the material that is currently exported.**
13. How effective are industry-led initiatives for addressing the problem? **The Association has indicated in a number of submissions the industry-led approach, through the Australian Packaging Covenant, is not effective for addressing the problem.**
14. Are there any other benefits or costs associated with the status quo? **No**
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? **The Association would consider that a key part of any future behaviour change campaign would be, first and foremost, to make it easy for the community to put the right thing in the right bin (or alternative disposal location). In addition, evidence based, waste avoidance programs need to be put in place. Programs such as Plastic Free July have the potential to reduce waste generation.**
16. Are there any other benefits or costs or unintended consequences associated with Options 2(a) or 2(b)? **No comment**
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? **No comment**
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. **Some types of recyclables, if they meet a certain standard, could still be considered for export. For example, clean paper and cardboard.**
19. What sort of penalties should apply to businesses that fail to comply with an export prohibition or restriction? **Financial penalties and public shaming. What type of compliance activities and level of resourcing are the Commonwealth anticipating? The penalties are unimportant if the bans are not actively enforced – and seen to be enforced.**
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. **The financial impact on business, and consequently on their customers in Local Government and the community, will depend on the value attributed to the material collected.**

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. **Most Local Government Contracts would include Change of Law clauses which would trigger renegotiation. This would potentially mean renegotiation of 95 Local Government recycling contracts in WA alone.**
22. What impacts will Options 2(a) or 2(b) have for relevant markets, including impacts on prices and competition? **By seeking options for local processing, Government will need to be mindful of the risk of monopolies being established. For some products only one re-processing facility may be economically viable. This also raises questions regarding contingency planning if that facility was unable to function.**
23. Do you consider there is existing Australian markets and infrastructure have capacity to respond to a prohibition or restriction on waste exports? **The Association does not have detailed information on the infrastructure required, however it is unlikely that there is sufficient infrastructure available to process what is now being exported in WA.**
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**