

Draft Submission on the Response to the COAG Waste Export Ban Consultation Paper Survey

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Opening

Local Government NSW (LGNSW) is the peak body for local government in NSW, representing all NSW general purpose councils and related entities. LGNSW facilitates the development of an effective community based system of local government in the State.

LGNSW welcomes the opportunity to respond to the survey on the COAG Waste Export Ban Consultation Paper. With such a short turnaround time it has not been possible to receive considered input from councils in NSW. The bulk of the waste affected by the ban is kerbside recovered recycling. While the intent of the ban is supported, without financial support for councils the ban is highly likely to have significant economic impact on kerbside recycling, undermining an already fragile system and increasing landfilling in NSW.

Currently the impact or costs to councils and ratepayers of the ban is not known. LGNSW calls on the Australian and NSW Governments to undertake analysis of the impact of the ban on councils and their ratepayers, such as through a regulatory impact statement. LGNSW would then provide further comment once the impacts are known

This submission is a draft submission awaiting review by LGNSW's Board, and any amendments will be forwarded in due course.

Background

Commonwealth, state and territory governments have agreed that waste plastic, paper, glass and tyres that have not been processed into value-added materials should be progressively banned from export from Australia by no later than 30 June 2022, starting from next year.

Ministers agreed the phase out should be completed by the following dates:

- all waste glass by July 2020
- mixed waste plastics by July 2021
- all whole tyres including baled tyres by December 2021
- remaining waste products, including mixed paper and cardboard, by no later than 30 June 2022.

All jurisdictions have acknowledged that resourcing from Commonwealth, states and territories, and industry, will be required to effectively implement the ban. Local governments will also have a key role.

The National Waste and Recycling Taskforce has released a consultation paper – Response to the COAG Waste Export Ban Consultation Paper about Australia's approach to implementing these export bans, to help inform when and how the bans are introduced, and the support needed to implement them. Responses, in the form of a survey, are due by 3 December 2019.

Survey Responses

1. Tell us about your organisation:

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

Local Government NSW (LGNSW) is the peak body for local government in NSW, representing NSW general purpose councils and related entities. LGNSW facilitates the development of an effective community based system of local government in the State. Household kerbside recycling is a major responsibility for councils as they work to reduce the amount of waste ending up in landfill. Some councils are achieving up to 77% diversion of waste from landfill (based on 2014/5 data). Councils also own and operate waste and recycling infrastructure across NSW including landfills, MRFs, transfer stations and processing plants that will be affected by the ban.

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

In 2017/18 NSW councils managed over 4 million tonnes of waste generated by residents and recycled over 1.8 million tonnes of this waste. In 2014/15 of the 3.69m tonnes of waste managed, 0.81m tonnes were dry recyclables including paper, plastic and glass.

Councils are a major feedstock supplier of recycling to MRFs. Councils also own and operate recycling infrastructure in NSW such as MRFs and transfer stations and are a major provider of landfills in regional NSW. Councils provide waste and recycling education and communication to the community.

Councils are also procurers of recycled content and are leading innovative trials of recycled content in civil construction, particularly in the use of recycled crushed glass in roads.

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).

LGNSW is based in Sydney and represents 126 member councils across NSW.

2. Impact on your business/organisation:

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

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

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)?

- d. Are there any impediments to investment and how can these be overcome?
- e. Could these changes create jobs in your business? If so, approximately how many?
- f. What are the other challenges and/or opportunities for your business/industry as a result of the export ban?

Most councils in NSW offer kerbside recycling services and have entered into long term recycling processing, collection and bin contracts with industry. Some councils already pay a premium for recycling compared to landfilling, particularly regionally where transport costs are high. For other councils landfilling is significantly more than recycling, but the difference in cost is mostly due to the waste levy. 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 resulting from China's National Sword Policy and the NSW Container Deposit Scheme. The waste export ban is likely to also require extensive, lengthy, renegotiation of contracts due to Change of Law. Not all councils are well resourced for this. Some councils have already received letters from their contractors regarding Change of Law clauses due to the ban. The announced ban is also likely to be impacting on any council entering or in the market to procure processing services.

If there are no supply chains and viable end markets for mixed plastics and unsorted paper once the ban is introduced, or processors choose not to invest in the infrastructure required for this, councils will be penalised heavily by contractors for large increases in contamination (eg about 40% by weight of the yellow bin is unsorted waste and scrap paper that would now be a contaminant). These increased costs will be passed onto ratepayers. Alternatively ratepayers could stop recycling paper and cardboard and landfill this material instead, which would be contrary to the intent of the ban and circular economy principles.

If MRFs and processors invest in new or upgraded facilities (eg a pulp plant to pulp unsorted waste and scrap paper, estimated at \$300M) these costs will be passed on to ratepayers via contract gate fee increases unless government support is provided.

The financial impacts on ratepayers will not be known until a Regulatory Impact Statement is complete. Without a mandated product stewardship scheme for packaging these costs will be borne by the ratepayer, rather than the producer.

Kerbside recycling typically undergoes basic sorting and decontamination mainly at dirty MRFs before being baled and on-sold to processors. Kerbside mixed plastics and unsorted paper and cardboard are not competitive with cleaner streams from the NSW Container Deposit Scheme (CDS) and commercial and industrial recycling (C&I).

Better contamination management and source separation at kerbside and the MRF will be required to improve quality. Opportunity is limited in metro areas for further source separation at kerbside due to bin space limitations, particularly in multi-unit dwellings, and transport logistics and traffic congestion. Other novel source separation systems are likely to be required eg at precinct level, as well as much improved sorting and potentially reprocessing capacity at the MRF. However none of this is feasible if there are no end markets for this product.

The ban has the potential to negatively impact on MRF/council recycling processing contracts through higher gate fees and costly contract variations. Any MRF glass, paper and plastic that cannot be 'value added' for export or sold to domestic markets will be landfilled, as alternatives such as RDF and EfW are unavailable (and at best 3+ years away).

Councils in regional NSW either operate or support social enterprise MRFs that will also be impacted by the ban, leading to regional job losses. Most lack the technical capacity to sort co-mingled contaminated recycling into specific material types for shredding or pelleting therefore large volumes of recycled materials could end up in landfill.

Increased stockpiling is likely until logistics chains and infrastructure are developed. Given stockpile limit conditions on environment protection licences in NSW this could lead to the unintended consequence of waste being transported to other states for stockpiling whilst awaiting reprocessing.

The yellow bin contents are likely to change with the work being undertaken by packaging companies around the APCO-led targets. Any ban must consider the impacts of this work on collection and processing systems. Any packaging material that is collected through the yellow bin should be the responsibility of the producer to ensure it is recycled in line with the waste export ban.

It is imperative that the timeline for a waste ban on plastics and paper builds in sufficient lead time to establish the business environment for success (ie the necessary financial investment in domestic secondary processing (whether for export or domestic use) and domestic manufacturing/remanufacturing, coupled with the essential pull through from domestic markets for recycled content. For some materials this may require market interventions to make domestic value added input cost competitive with imported and virgin input materials.

The waste export ban is an end of pipe regulatory intervention. Pull through from domestic markets is needed to drive the circular economy with government procurement key. Quality and performance standards and specifications for recycled content are needed to encourage the pull through by procurement.

The ban is also likely to impact on the flow of revenue from the CDS that MRFs and councils receive because this lower quality CDS material can no longer be exported for recycling, disqualifying the material from revenue flow. Domestically it cannot compete with cleaner streams coming through RVMs and depots so MRF-sourced containers may not be recycled. This will impact on councils' gate fees through processing contracts.

The collection service is likely to change. Supplementary source separation systems could decrease kerbside contamination, for example more containers accepted through CDS, dedicated paper or glass bin, precinct level collection points for glass and cardboard etc. These all come with financial and environmental costs that should be borne by the producer, but are ultimately more likely to be borne by ratepayers and consumers.

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

- 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.
- 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.
- 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 plastics and mixed paper and cardboard

The materials subject to the ban should be revisited to ensure that viable overseas markets – where waste materials are treated as commodities - that are well regulated through standards and specifications and do not cause environmental or social harm but contribute to the global circular economy are not banned.

There is also a need to attach standards to proposed 'value adding' for export, including for environmental and social value adding. The level of quality or 'value adding' required to make waste materials exempt from the ban should also be defined to discourage rogue operators.

To encourage a circular economy in Australia consideration should be given to prioritising the ban around waste materials that can be value added in Australia to the benefit of our economy, such as PET and HDPE in line with reprocessing capacity.

It is understood that there is little secondary processing capacity in NSW for plastics and paper, with a reliance on imported virgin material such as PET in manufacturing. And currently there is little to no demand for products made from Australian recycled plastic and paper sourced from the kerb. Only very few domestic manufacturers make products from mixed waste sourced from the kerb, such as bollards and street furniture from mixed polymer plastics, or kitty litter from unsorted waste and scrap paper. Even with fast tracking of new domestic reprocessing facilities for paper and plastics the proposed timeframes for these materials are unrealistic.

Councils lack visibility of end markets for kerbside recycling fed to MRFs under processing contracts. The discussion paper's export data indicates that most of this recycling is exported. Many MRFs operate as dirty MRFs with limited sorting prior to baling and selling on to re-processors. Apart from higher value plastics such as PET and HDPE, there is little incentive for domestic re-processors to accept this material when there are cleaner streams from CDS and

commercial and industrial sources, or from imported virgin material. Anecdotally, even cleaner plastic streams sourced from CDS have difficulty finding markets.

There needs to be a domestic (Australian) use and a value for this lower grade waste material that dominates kerbside recycling bins, and the pull-through from markets by the time a ban comes into force, otherwise governments must accept that more landfills will need to be built to handle the kerbside recycling that cannot be exported. Alternatively these problematic waste materials need to be eliminated from kerbside recycling bins – either product/packaging designed out or source separated from our recycling bins.

Both these solutions will take considerable time to implement and for councils there are many constraints and barriers that would need to be overcome, such as changing the way kerbside recycling is delivered (impacts on collection, processing, landfill and bin contracts), lack of bin space and transport congestion, as well as residents behaviour change.

Innovative technology solutions will also be required as well as the development of alternative end markets, for example for refuse derived fuel, plastics into oil, and energy from waste. Material flows for individual waste streams of plastics and paper sourced from the kerb and assessments of domestic secondary processing capacity are needed as a starting point.

In the medium to long term, the way kerbside waste and recycling services are provided may need to change, eg bin systems, take back schemes, increased truck movements.

None of the solutions outlined above are feasible within the time frames given for mixed plastic waste by July 2021 and mixed paper and cardboard by June 2022.

Glass

The timeframe for a ban on exported waste glass by July 2020 is potentially feasible given the low amount exported currently. This will depend on the willingness of all levels of government to buy recycled crushed glass. Kerbside glass will compete with the growing streams of cleaner commercial and industrial and CDS glass (particularly if wine bottles are included) for civil construction projects, and domestic markets for kerbside glass will be more difficult to find.

The timeframe for approvals and building of glass processing infrastructure to meet, for example, road making demand may make the current timeline too short. Market development through RMS and local government has been slow, however this is likely to quicken as virgin sand availability in the Sydney basin becomes more constrained and recycled crushed glass becomes more cost competitive.

Recycled crushed glass use in civil construction is a necessary risk mitigation strategy but should not preclude the development of markets for higher order uses – such as the remanufacture of bottles from bottles.

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

The industry can:

- Build market confidence in the performance and quality of recycled content compared to virgin content
- Provide consistency across processing contracts of what is accepted in the yellow bin
- Develop national standards/specs for yellow bin contents to improve the quality and consistency of the feedstock. This would facilitate consistent national messaging underpinned by local government behaviour change to improve sorting and contamination.

The Australian Government needs to develop and implement a national infrastructure plan that aligns with state/territory plans to inform the timing of the ban and the reprocessing and remanufacturing capacity required to meet the ban. This will also require:

- understanding the impact of the APCO targets and the National Waste Policy Action Plan on the ban
- understanding of individual waste stream material flows at regional level
- the identification of infrastructure requirements at regional level, as the cost of transporting waste materials (particularly glass) will quickly outweigh the benefits of setting up large 'one per state' processing infrastructure
- an understanding of the staged timing of implementing infrastructure for secondary processing, and where viable domestically remanufacture
- the rapid assessment and approvals for any new required infrastructure
- modelling the impact of the ban on existing landfills
- a detailed implementation and evaluation plan to transition local government and industry
- rapid assessment and approvals for any new required infrastructure
- fast tracking investment in infrastructure in high waste export states of NSW and Victoria

All governments need to provide safe guards/base level procurement to help de-risk the ban, for example providing a base level of procurement of recycled content for civil construction. This would support the recycling system when markets fail or where remanufacturing capacity has been over reached and would guard against excessive stockpiling and landfilling.

State/territory and Australian Governments need to provide clear long term policy direction and certainty to signal and secure investment in secondary processing and remanufacturing.

State/territory and Australian Governments can introduce economic instruments and other incentives to overcome the cost differential between domestic and imported recycled content when recycled content is not competitive.

State/territory and Australian Governments must adopt national targets for eliminating problematic plastic packaging and other packaging and products that are hard to recycle.

The Australian Government needs to mandate design standards and product stewardship that designs out or bans the use of hard to recycle plastics in manufacturing.

The Australian Government can introduce a national CDS and require participating beverage companies to use domestic recycled content.

All governments can mandate the inclusion of recycled crushed glass to a specification in major road infrastructure projects that would drive market development.

State/territory and Australian Governments must harmonise:

- standards and specifications across borders to make it easier for industry to move waste resources for processing and remanufacture
- legislation to encourage the development of secondary resources from waste and decrease red tape

State/territory and Australian Governments need to deliver educational and behavioural change programs to:

- minimise the consumption of packaging
- buy packaging that contains domestic recycling content that is recyclable through the kerbside system
- reduce contamination

The Australian Government must clearly communicate to communities, through a national education and communications campaign, the purpose and rationale for a ban that is likely to add cost to ratepayers and consumers and change the way they use the kerbside recycling system. This should not be left to councils who have had no control over this decision.

State/territory and Australian Governments must provide funding assistance to councils:

- for education and behaviour change programs to reduce contamination and recycle right
- to trial and introduce better source separation of recycling – either at kerbside or through take back schemes
- to renegotiate their existing contracts (bin, collection, processing and landfilling) affected by the ban

All levels of government need to undertake circular procurement, including in tenders, to create the pull through of domestic recycled content.

LGNSW's Save Our Recycling campaign 'ticks the boxes' on many of the above points. LGNSW is calling on the NSW Government to reinvest the waste levy it collects to:

1. Fund regions of councils to develop regional waste plans for the future of waste and resource recovery in their regions, which include infrastructure and circular economy solutions to address the needs of our cities and regions.
2. Fund the delivery of priority infrastructure and other projects, procured by local government, that are needed to deliver the regional-scale plans, particularly where there is market failure identified in the regional plans.
3. Increase local and state government procurement of recycled goods made with domestic content, for example by:
 - a. adopting recycled content targets to help drive demand and provide incentives to deliver on these targets
 - b. funding further research, development and delivery of recycling technologies and products generated from recyclables, particularly by local or regional councils.
4. Fund and deliver state-wide education campaigns on the importance of recycling to encourage the right way to recycle, the purchase of products with recycled content, as well as promote waste avoidance
5. Work with the Federal Government to introduce producer responsibility schemes for soft plastics and other emerging problem wastes

5. [What do you consider is the largest barrier to improving waste management and recycling in Australia?](#)

Producer responsibility for packaging waste, sustainable procurement of domestic recycled content, the definition of 'waste' in NSW.

6. [Please provide any further information relevant to implementing the export bans.](#)

A holistic systems approach is needed that involves all stakeholders – consumers, industry, and governments – to solve waste issues.

The discussion paper has little comment on how capacity will be built for high value recycled commodities and associated demand required to complement the ban. This needs to be informed by the Product Stewardship Act review and the current target work of APCO and the National Waste Policy Action Plan.

Conclusion

Recent past history in NSW - China's National Sword and CDS refund sharing negotiations – have shown that any increase in cost to industry arising from the waste export ban will be passed onto councils and their ratepayers through long term processing contracts. There are diminishing returns of good will amongst ratepayers for increased costs to achieve better environmental outcomes for their waste.

It is time to stop the focus on end of pipe / band aid solutions and address the issue further up the supply chain at the source: packaging design and product stewardship.

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