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Committee Secretary
Standing Committee on Industry, Innovation, Science and Resources
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Dear Committee Representatives

I write in reference to the Inquiry into Australia's Waste Management and Recycling Industries.

Our Company is jointly owned and operated by four (4) Local Governments in the Hunter Region NSW, these being Cessnock, Lake Macquarie, Maitland and Singleton and we provide a domestic recycling service to 148,500 tenements.

Operating since June 1997, we have witnessed many positive as well as negative impacts upon the recycling industry, however far more negatives than positives.

In recent years the loss of the Australian recycled glass industry for remanufacture has resulted in stockpiles of millions of tonnes of used glass across the nation since 2014. However, slight improvements have been made since 2017 with limited market access for remanufactured glass bottles and jars. These limitations are due to the local industry being unable to compete with cheap imported product.

New glass processing innovation has resulted in some glass being recycled into washed glass sand and aggregate. However, there are varying standards and limitations on use from State to State due to each State or Territories Environmental Protection Authorities requirements and restrictions. As a result, cullet is transferred interstate where it is easier to reuse. However, this comes at a cost to ratepayers. A percentage of cullet is being used as washed sand for civil works as pipe bedding or concrete. NSW EPA has strict limitations upon volumes that can be processed or stored, thereby hindering local use. The demand for recycled glass in any form outstrips supply with much of the Australian bottle and jar manufacturing occurring overseas. Australian manufactures cannot compete with these cheap imports.

Paper and Plastics

Chinas restrictions upon the importation of recyclate had a profound impact upon the Australian Recycling Industry. In order to meet the new import standards, major sorting facility upgrades were required costing tens of millions of dollars just for a modest facility processing 100,000 tonnes per annum. With most recycling contracts being of either early

stage or mid point in their life span (typically 10 years) it forced contractors to seek to renegotiate contract rates or abandon the contract. This essentially doubled the cost of recycling for every home and business.

Other Countries took the opportunity to expand their remanufacture of paper and plastics investing billions in building new pulp plants and plastic processing facilities this allowed Australian suppliers access to new markets, thereby, capping the rising costs of domestic collections.

In November 2019 the Federal Government via COAG advised that export bans will be introduced to prevent the export of glass, plastics and paper commencing July 2020 for glass.

All plastics by July 2021

All paper no later than 30 June 2022.

This decision was made without any industry involvement or consideration as to the financial impacts that will result.

It is worth noting that the Federal Government has legislated that at least 30% of all packaging must be of recycled product content, this does not take effect until 2025, several years after the ban on exports.

The legislation will still allow 70% virgin content most (if not all) will be imported. This will result in a glut of recyclate having to be stockpiled or disposed of at landfill as it spoils. This therefore undermines the Federal Governments aim to reduce waste to landfill by 80% by 2030.

Our concerns are that the current legislation and decision by COAG to ban exports without further secondary processing may well result in the total collapse of the Australian Recycling Industry or will result in only two major processors left standing. Smaller or modest size processors do not have the financial capacity to construct secondary processing of paper into pulp or plastics into pellets.

Even if they did, it would only be at the cost of Local Governments / ratepayers, even the end product would be unattractive to the dwindling Australian Manufacturing Industry and completely out of competition as potential export stock due to the high cost.

Alternate to a National ban the Government could have introduced strict export standards and hold accountable rogue traders at least until 2025 when the 30% recycled content packing requirements commenced. Instead the Government has responded to social media pressure by introducing new legislation without consultation or consideration of the consequence of such decisions.

In our opinion the Federal Government needs to review each State and Territories EPA standards and restrictions as well as classification and reuse of waste and recyclate. A failure to introduce Federal Standards and classification will hinder investment in innovation, a collapse of the industry, more waste to landfill as contractors abandon their contracts and/or the creation of a duopoly of the industry by the only two companies large enough to survive.

We have already witnessed the impacts of such as one major player has purchased and then mothballed paper pulp plants from their rivals, as a direct result sorting operators are now forced to pay this company to accept their paper product for recycling at \$60 per tonne and a fee likely to skyrocket by 2022. Currently there is offshore demand for clean fibre at a small profit despite the additional sorting costs. Effectively COAG's decision has allowed only one major player to now dominate the paper recycling industry in Australia. This Company now has and shall continue to have total control over the local market and the export ban will result in price exploitation.

The supply of collection and processing of recycle from millions of homes and business's is on the verge of total collapse without financial support. The Federal Government has placed on hold the pledged \$100 million Recycling Fund. It is the ratepayer who will be required to fund processing and new innovation through increased gate fees. Today's rates for processing equates to an average \$200 per tonne. This will rise sharply over the coming 3 years with residents paying \$300 or more per annum for a 240-litre recycling bin service.

Without National standards for reuse of recycle millions of tonnes of product will continue to be transferred from one state or territory to the other and stockpiles of unwanted product will grow rapidly or be disposed of at landfill.

Without a tariff on imported recycle or remanufactured containers and bottles, Australian Companies cannot compete. We are alarmed by reports of illegal plastics processing facilities in Malaysia and we agree that Australia needs to be responsible for its own waste. The problem arises when local processors on-sell product to third party brokers who then shop for the best rates. Often a secondary broker will re-sell only PET and HDPE plastics leaving all other plastics of no value in huge stockpiles.

Local Governments who have acted in good faith have no control over the product once it passes to their contractors for processing.

Funding support via low or interest free loans would allow a Regional group of Councils to establish their own high-tech sorting facilities and allow them to control the movement and reprocessing of product.

A further issue is a lack of a National list of accepted product for recycling. Processors across the country differ in the nature of products they will or will not accept. This has led to confusion within the community resulting in cross contamination and lost recycle to landfill. Legislation requiring processors to accept a list of products (uniformed) in order to hold a license would greatly benefit the community and improve community education.

It is our opinion that recycle should be controlled as a commodity and subject to National Standards. However, whilst ever it is seen as waste it will never be given the level of interest and investment that it requires.

In conclusion, we re-affirm our position, that being that Australian recycle should be processed and reused within Australia as a competitive playing field that allows Councils to provide an affordable service to ratepayers.

This will involve financial support by COAG members to establish high tech sorting and reprocessing facilities. Given that it may take two years or more to obtain Development

Consents and EPA approvals to establish a new facility the timeframes established on the export ban are unrealistic and completely unworkable.

We feel COAG should/must push back the timeframes to allow policy, process and development to be established and in the interim the implementation of strict export controls via inspections and audits of processors and tracking of third party brokers will ensure that other Countries are not being exploited.

Yours sincerely

R Lewis
Chief Executive Officer