

15 April 2024

Committee Secretary  
Senate Standing Committees on Environment and Communications  
PO Box 6100  
Parliament House  
Canberra ACT 2600



Dear Committee Secretary,

The Waste Contractors and Recyclers Association of NSW (WCRA) appreciates the opportunity to submit our response to the parliamentary inquiry into ‘The effectiveness of the Albanese Labor Government’s waste reduction and recycling policies in delivering a circular economy’.

The Waste Contractors and Recyclers Association of NSW (WCRA) is a professional association representing waste management and recycling businesses in NSW and ACT. WCRA's mission is to promote best practices, advocate for the industry, and provide support and resources to its members. Our members cover an extensive range of resource recovery facilities, landfills, energy facilities, collection services, and processing operations. WCRA Represents more than 95% of the industry within NSW and ACT.

WCRA believes that the Albanese Labor Government’s waste reduction and recycling policies must align with its climate change, renewable energy, and industry reform agenda. The disconnect between these policy areas is resulting in significant disruption to our sector. Without a fundamental realignment by the government, waste policy outcomes and targets remain unachievable, leading to unacceptable negative impacts on community amenities, societal liveability, and the environment in future years.

Progress on the delivery of the National Waste Action Plan is limited. The Plan, agreed upon by all State, Territory, and Federal Governments in 2019, sets several targets, including 80% recovery from all waste streams by 2030, halving the amount of organic waste going to landfill by 2023, reducing per capita waste generation by 10% by 2030, and phasing out unnecessary and problem plastics by 2025. However, the 2024 Biennial review of the plan suggests that the likelihood of reaching these targets is tenuous at best. Nationally, per capita waste generation has increased by more than 3% against the 2016-17 baseline, highlighting the need for urgent increased investment in processing infrastructure and developing long-term end-user markets across all recycled material streams.



According to data from the Department of Climate Change, Energy, the Environment, and Water's (DCCEEW) in 2022, Australia generated approximately 63.8 million tonnes per annum of waste. Of this, municipal solid waste was 14.0 million tonnes, representing 22% of the total, commercial and industrial waste was 20.8 million tonnes or 33%, and construction and demolition waste totalled 29.0 million tonnes or 45%. The nation's overall resource recovery rate was 63% or 40.2 million tonnes. However, more than 23.5 million tonnes per annum of residual wastes still require managing. Also missing from the data is information on the liquid, regulated, or hazardous wastes that the nation generates or is required to manage.

To address these challenges, WCRA advocates for comprehensive policy reform that aligns with government policies on climate change, renewable energy, and industry. First and foremost, Australia's narrative in terms of waste, recycling, and reuse must be reformed. Wastes generated by society must be recognised in government policy as a genuine resource that must be recovered, recycled, and reused in their entirety across all jurisdictions. There remains a constant disconnect in terms of state regulatory approval processes, public policy interference, and the lack of long-term planning for the siting of waste and recycling infrastructure. Resource recovery national policy and setting of future actions must be expanded to include the energy recovery opportunity.

In conclusion, WCRA recommends several reforms to address the stalled waste policy settings of the Albanese Labor Government, including amendments to recycling export regulations, a focus on circular economy deliverables, and progress on mandated product stewardship schemes. These reforms are essential for the future sustainability and growth of the waste and recycling industry in NSW and Australia.

Thank you for considering our submission.

Sincerely,

Brett Lemin

Executive Director

Waste Contractors and Recyclers Association of NSW

### **(a) recycling export regulations imposed through the Recycling and Waste Reduction Act 2020,**

The Waste Contractors and Recyclers Association (WCRA) provides the following observations and recommendations in response to the effectiveness of the Albanese Labor Government's waste reduction and recycling policies in delivering a circular economy, with specific reference to recycling export regulations imposed through the Recycling and Waste Reduction Act 2020:

The assertion that the waste and recycling industry was broken is considered a political myth by WCRA. The federal government's justification for interfering in the secondary commodity trading market is viewed as unfounded. Despite investments in infrastructure to support local remanufacturing capability, not all commodities collected by the sector have local markets, including plastic films, certain plastics, mixed paper and cardboard, and used tyres processed for alternate fuels.

WCRA notes the substantial investment by industry in building local capacity, which represents 66% of all funds spent to support the legislation, compared to federal funding of \$114.5 million. The government's characterisation of the industry as exporting 'waste with contamination' is seen as a falsehood that undermines community confidence in recycling.

Before the regulations, Australia actively participated in a global market for recovered materials, both exporting and importing glass, plastics, tyres, paper, and cardboard. This participation played a crucial role in the global circular economy.

The disruption caused by government regulation of the commodities trading market has been profound, leading to a fundamental disruption of the nation's recycling system. Regulating the export of paper and cardboard is seen as giving direct commercial favour to limited domestic processors, reducing market competition and increasing costs for international trading.

The regulations are viewed as inconsistent with Australia's domestic capacity to process the regulated commodities and find internal markets for all recovered materials, jeopardizing the nation's target of reaching an average 80% recovery rate from all waste streams by 2030.

WCRA contends that the regulations will result in local market failure and long-term market disruption, particularly concerning some plastics, paper, and cardboard exports. The economic impact of regulating paper and cardboard exports alone is estimated to be a net loss of \$257 million to the Australian economy annually.

The process for obtaining export exemptions under the regulations is considered unworkable, with unclear and cumbersome procedures that place significant strain on the industry and its trading partners.

WCRA recommends that the waste exports regulation be amended to reflect it as a government regulation on secondary commodity exports, rejecting the proposed cost recovery model, and reviewing the export exemption license process for a more efficient and effective governance framework. They also recommend reforming the export regulations to support local manufacturing of recyclables while eliminating the dysfunctional and anti-competitive trading framework inhibiting Australia's resource recovery capability.

### **(b) the efficacy and progress on circular economy deliverables;**

The Waste Contractors and Recyclers Association of NSW (WCRA), the progress towards circular economy deliverables in Australia shows promise but requires continued effort and strategic focus. Several key areas are noteworthy:

#### **Green Steel and Recycling:**

- The Australian steel industry's move towards 'Green Steel' through increased use of scrap metal is a positive step towards a circular economy.
- Regulating the export of unprocessed ferrous scrap metal would bring environmental, social, and economic benefits by reducing greenhouse gas emissions and creating local job opportunities.
- Australia has the capacity to process the scrap metal currently being exported, and the revenue from state landfill waste levies could cover the costs of enforcing such regulations.

#### **Accelerate Food and Organics (FOGO) Recycling:**

- Mandating the separation and collection of organic waste nationwide, with strong enforcement, would reduce landfill waste and emissions.
- Investment in FOGO infrastructure needs to be accelerated and consistent across states, along with incentives for off-takers, to support a circular economy and national energy security.

#### **The Efficacy of the Recycling Modernisation Fund (RMF):**

The RMF aims to expand Australia's recycling capacity and has seen significant investment, but there is a need for greater transparency and analysis of its outcomes.

WCRA advocates for a value analysis of RMF investments to determine their overall impact and benefits, as well as expanding the scope of the fund to cover a wider range of materials and waste streams.

## **Recommendations:**

- Investigate regulating unprocessed ferrous scrap metal exports to reduce emissions and support local industries.
- Encourage all states to implement FOGO mandates.
- Conduct an audit of the RMF to assess its effectiveness and outcomes.
- Amend the RMF funding model to include a wider range of waste streams and materials.
- These steps would enhance Australia's circular economy efforts, support local industries, and reduce environmental impact.

### **(c) the progress on the implementation of mandated product stewardship schemes;**

The Waste Contractors and Recyclers Association of NSW (WCRA), the implementation of mandated product stewardship schemes in Australia has shown both progress and areas in need of reform:

#### **Effectiveness of Current Schemes:**

Australia's product stewardship schemes, while commendable in their intent, require significant reform to fulfil their role in the circular economy.

There is a lack of clarity regarding the outcomes and effectiveness of these schemes, particularly in terms of their social, economic, and environmental impacts.

Most schemes focus on public-facing facilities and behaviour change, with little emphasis on supporting industries to process and find markets for collected materials.

#### **Challenges and Opportunities:**

Australia lacks the capacity to process the quantities of materials collected through these schemes and struggles to find end-user markets, especially in the face of cheap international imports.

WCRA suggests that future schemes should target challenging waste streams such as lithium-ion batteries, solar panels, and other emerging wastes.

#### **Recommendations for Improvement:**

- WCRA urges a comprehensive review of Australia's product stewardship schemes to assess their effectiveness and identify opportunities for enhancement.
- The scope of these schemes should be expanded to cover a broader range of materials and waste streams, with a focus on creating end-to-end solutions.
- The review should also address the funding and regulation of these schemes to ensure they are properly supported and regulated.

### **Case Study 1 - Product Stewardship for Oil (PSO) Scheme:**

The PSO scheme, Australia's only mandatory product stewardship scheme, is facing challenges despite being considered largely successful.

Delays and lack of progress in the PSO review have led to uncertainties in the sector, particularly regarding infrastructure maintenance and operational expenses.

The sector is witnessing risks such as facility closures, job losses, and increased waste disposal to landfill, highlighting the need for ongoing support and investment in product stewardship schemes.

In conclusion, while there have been positive steps in implementing product stewardship schemes in Australia, there is a clear need for reform and improvement to ensure their effectiveness in promoting a circular economy. Addressing these challenges will require collaboration between government, industry, and stakeholders to achieve sustainable outcomes.

urgent intervention is needed to address the risks posed by lithium-ion batteries (Li-ion) in Australia. The increase in fires involving batteries, particularly Li-ion batteries, in waste industry assets, facilities, and vehicles is alarming.

### **Case Study 2 – Urgent Intervention of lithium-ion Batteries is required:**

Fire incidents involving Li-ion batteries have risen significantly, with 285 incidents in 2023 attended by Fire and Rescue NSW, a 66% increase from the previous year.

The existing product stewardship scheme for batteries, B-cycle, has not effectively addressed the risks posed by battery disposal.

WCRA has made six specific recommendations to address these risks, including a national communication program to educate households and businesses on safe battery disposal and the classification of Li-ion batteries as Dangerous Goods.

The Minister for the Environment and Water has responded with commitments to work with the industry on initiatives to address battery-caused fires but has not acted on industry recommendations.

WCRA supports the ACCC's recommendations on lithium-ion batteries and consumer product safety, including the development of infrastructure and regulations for safe battery collection and recycling.

**Recommendations:**

- Conduct a formal review of Australia's product stewardship schemes to ensure they are fully funded, properly mandated and transparent in their reporting.
- Establish a mandatory product stewardship scheme for all batteries, loose or embedded, and ban the indiscriminate disposal of batteries in all waste and recycling bins.
- In conclusion, urgent action is needed to address the risks posed by lithium-ion batteries to ensure the safety of communities, workers, and the environment.

**(d) Other Relevant Agenda items:**

**Alignment of Waste Policy with Government Reforms:** The Albanese Government's waste policy platform must be closely aligned with the broader reforms in climate change, renewables, energy, and industry. WCRA advocates for a formal reform process that integrates waste policy with these crucial areas to ensure long-term efficacy and success.

**National Approach to Landfill Levies:** Waste and landfill levies are essential regulatory tools that impact waste and recycling businesses and community behaviour. WCRA conducted a review of these levies in 2019, revealing disparities across jurisdictions in levy rates, waste types levied, and reinvestment of levy funds into waste and recycling activities. Urgent reform is needed to ensure levies achieve their intended outcomes and do not drive waste down the hierarchy.

**Waste-to-Energy and Waste-Derived Fuels:** With Australia's landfill capacity running out, there is a need for sustainable disposal solutions. However, as of April 2024, there are no energy-from-waste facilities in operation in Australia, highlighting a significant gap. WCRA emphasises the importance of waste-derived fuels as a lower-emission alternative to fossil fuels and calls for policy support to realise the potential of these fuels in reducing emissions and providing baseload power.

**Sustainable Renewable Fuels:** Current Commonwealth sustainable fuel and renewable energy policies prioritise renewables over waste as a fuel source. WCRA argues for a broader recognition of waste-derived fuels' lower emission profile and their contribution to emissions reduction and a net-zero future. Policy settings should align with international best practices, including recognising waste-derived aviation fuel as a sustainable aviation fuel.

**Liquid Fuels and Energy:** The focus on reducing carbon emissions should consider a range of renewable fuel options, including waste-derived fuels. WCRA highlights Southern Oil's hydrogen production process as an example of innovative waste-to-energy technology that can significantly reduce emissions. Policy should support a mix of sustainable fuels to achieve a transformed, net-zero economy.

In conclusion, the Waste Contractors and Recyclers Association of NSW (WCRA) recommends several key actions to align waste policy with broader government reforms and drive the industry towards a more sustainable future. These actions include:

- **Aligning Waste Policy:** Aligning waste policy with broader government reforms to ensure a coherent and integrated approach to waste management.
- **National Approach to Landfill Levies:** Adopting a national approach to landfill levies to create a consistent and fair system across all states and territories.
- **Prioritising Waste-to-Energy and Waste-Derived Fuels:** Prioritising the development of waste-to-energy and waste-derived fuels to reduce reliance on fossil fuels and decrease waste sent to landfill.
- **Recognising the Potential of Waste-Derived Fuels:** Recognising the potential of waste-derived fuels in emissions reduction and supporting their development and use.
- **Supporting a Mix of Sustainable Fuels:** Supporting a mix of sustainable fuels, including waste-derived fuels, to achieve a net-zero future and reduce the environmental impact of the waste sector.

By implementing these recommendations, Australia can make significant strides towards a more sustainable and environmentally friendly waste management system.