



Secretary
Select Committee on Recycling of
Soft Plastics and Other Material
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8 September 2023

Dear Secretary

Re: Select Committee on Recycling of Soft Plastics and Other Recyclable Material

Thank you for the opportunity to provide feedback to the Select Committee on Recycling of Soft Plastics and Other Recyclable Material. The Waste Management and Resource Recovery Association of Australia (WMRR) is the national peak body representing Australia's \$15.8 billion waste and resource recovery (WARR) industry. With more than 2,200 members from over 500 entities nationwide, we represent the breadth and depth of the sector, within business organisations, the three (3) tiers of government, universities, and NGOs.

South Australia has had a long and proud history of initiatives that address both consumption and producer responsibility (EPR) in Australia. It was, for example, the first state that introduced Container Deposit Legislation (CDL) over 40 years ago, recognising that there was a need for both producers and the community to take responsibility for both the products that they used but also the waste they created. Cleverly this scheme also had financial incentives attached to it that both incentivised clean streams of material to be returned for recycling, and also funded the collection and recycling infrastructure that supported this scheme. Another leading initiative was the elimination of plastic bags in SA, this action arguably meant that consumers made decisions at the higher end of the *waste management hierarchy*, with conscious decisions being made to avoid (waste) and elect re-use alternatives (to single use plastic bags) being adopted.

In 2017 SA released the *Benefits of a Circular Economy in South Australia Report*, that highlighted that by creating a circular economy would be the create 25,700 jobs and reduce greenhouse gas emissions by 27%, however the implementation of a circular economy for SA, including building on the positive earlier work focusing on design, consumption choices and product stewardship appears to have been overtaken by focus on single use plastics (SUP) bans and increased household organics collections, as opposed to creating the broader system shifts both required to meet national recovery (80%) and avoidance of waste (10 per cent per capita) targets, as well as carbon mitigation targets. Whilst the SUP bans are supported, unlike earlier plastic bag bans, there has not been the same emphasis placed on behavioural change to drive avoidance and shifts to reuse, and whilst there has been encouragement to 'replace the waste' by government, some of the items that are proposed as 'replacements' are also effectively single use (compostables) and of greater concern have been shown to contain chemicals of concern, in particular PFAS.

It is WMRR's strong view that SA needs to take the opportunity to refocus on creating a circular economy, that includes greater emphasis on design, producer responsibility and continuing the great work done earlier in SA on empowering the community to make consumption decisions higher up the hierarchy that drive avoidance and increased re-use and recovery. And whilst we support SA tackling individual material streams including organics and plastics (SA also needs to develop strategies for hazardous waste, paper and textiles), greater emphasis must be placed on evidence led interventions across the entire supply chain (not just at household),

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focusing on weight and carbon emissions to really shift the dial and maintain SA's position as a national leader on not only resource management but carbon abatement.

Soft Plastics and RedCycle

According to the Australian Plastics Flows and Fates Study 2020-21, there are approximately 2.6 million tonnes of plastics reaching end of life each year in Australia, of which packaging represents about 1 million tonnes. The Australian Packaging Covenant Organisation (APCO) has previously stated that as much as 449,000 tonnes of this is soft plastics. Note Australia generated nationally almost 76 million tonnes of waste, so this therefore represents less than 0.006% of total waste produced, noting also that this is low value material made up of multiple polymers, in Australia is generally polymers (2), (4) and (5) that is both difficult and expensive to collect (given that it is of little value to anyone other than those producers that elect to use this material).

The collapse of the RedCycle program has brought into sharp relief the urgent need for national leadership and action to hold brand owners and the packaging industry to account. For too long, these producers and generators of waste materials have avoided responsibility for end-of-life product management, with councils and communities often left to deal with the challenges and cost of dealing with a growing stream of low value, high complexity materials. This is not sustainable and the social, economic and environmental costs are significant.

WMRR believes that if Australia genuinely wants to address soft plastics or in fact any material challenge, it's going to need genuine market settings and robust policy to get us there. What does robust policy mean? A recent report from [Back to Blue](#) (Economist Impact and Nippon Foundation) predicts plastic use across G20 countries will be 1.73x higher in 2050 (451 million tonnes) than in 2019 (261 mt). They analysed the impact of plastics policy on plastic use and found that a global ban on single use plastic could cut this to 1.48x rise by 2050, mandatory EPR would cut the increase to 1.66x in 2050. A tax on virgin plastic use would achieve 1.57x increase by 2050, combined all up, the three (3) interventions together would see a 1.25x increase by 2050. What chance does Australia have then, if we only have one of these three and (single use bans) and even that is not consistent or universal? As such, WMRR has urged the Commonwealth Government to use its powers under the *Recycling and Waste Reduction Act 2020* to establish a mandatory product stewardship scheme for soft plastics that is:

- fully funded by those importing, producing, and selling the material, we believe that the *Used Oil scheme* could provide a basis for this given it addressed imports and is also in part administered by the Australian Taxation Office;
- accessible to the community via a comprehensive network of retail and community drop off points- with over 1,000 drop off points in operation for container refund schemes nationally, this is a terrific network that can also be used for this purpose and can be enhanced further with the almost 200 supermarket locations that were previously in existence under the RedCycle scheme;
- supported by mandatory design standards and national packaging targets, including stronger enforceable targets for recycled content, as well as looking to use the oil scheme to introduce a tax on virgin plastic;
- supported by mandatory adoption of the Australasian Recycling Label on all consumer packaging; and
- accompanied by an ongoing consumer education program.

WMRR does not consider what is currently being proposed by the Australian Food and Grocery Council (AFGC) through their National Plastics Recycling Scheme (NPRS) is in fact an EPR, and serious reservations about its effectiveness and its longevity are held, as well as rejecting completely AFGC's claim to have "secured broad support from local government and industry" for its proposed scheme, given that numerous waste and resource

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recovery industry representatives as well as all local government state associations have a range of concerns about the proposed NPRS, not least that it appears to be “product stewardship” in name only, with councils expected to cover much of the cost and all the risk.

While the scheme would be promoted and branded as an AFGC initiative, it does not impose any clear or enforceable obligations on AFGC members to take responsibility for the soft plastics collected through the scheme. Much like the RedCycle program, involvement with this scheme would allow AFGC members to tout their environmental credentials. Further it fails to fully fund the scheme, place any obligation on producers to utilise recycled content or adhere to ce-flex design standards, it fails to establish national infrastructure for collection or reprocessing or address the most difficult and challenging part of the system being creating of demand and end markets for this collected material.

WMRR strongly believes that such a scheme needs to be backed by regulation and have independent oversight to ensure that the true objects of the scheme and the funding is appropriately met, and that there is enforceable producer responsibility. We have seen the success firsthand of doing this correctly through the establishment of container deposit schemes, that have been hailed as a true success- creating significant jobs and investment, as well as a high value clean stream of materials for resource recovery. The RedCycle scheme failed not because of its collection system but because of market demand for the secondary raw materials that were being produced, which meant that there was little investment in processing facilities. The AFGC scheme fails to completely deliver any actual market demand or any real facilities, rather it results in potential stockpiles, cost transfer and promises to build.

As noted by Australian Packaging Covenant (APCO) in its 2020 Roadmap, developing a circular economy for soft plastics is hampered by the material’s diversity, complexity, single-use nature, and low market value. Phasing out or redesigning problematic formats is an important part of the solution while kerbside collection of soft plastics can cause significant processing problems at MRFs. Further. research is required to determine the most effective and efficient way to collect, including expanded drop-off systems, additional collections must be implemented in conjunction with an end-market demand solution. We do not however consider that the APCO has the ability to deliver such a reform given its demonstrated ability to not meet any target set since its inception.

As noted in Arcadis’ February 2023 “Harmonising MSW Kerbside Collections in Australia” report, commissioned by the Federal Government, while soft plastics have high recovery potential:

- in terms of sorting / processing technology, there are no proven technology or pre-trials in Australia;
- there are significant barriers to end markets or no existing end markets (international or domestic); and
- in terms of markets for offtake, markets are uncertain or volatile with reliance on international markets and immature domestic markets.

It is impossible to overstate the importance of addressing the critical gaps highlighted by APCO and ARCADIS (design standards, technology, markets, funding) if Australia is to avoid further stockpiling and landfilling issues. WMRR continues to urge both the Commonwealth and State Governments to address the system and not continue to fall into the trap of prior governments, to simply focus on collection systems without putting equal or greater focus on waste avoidance and minimisation at the design and production stages and on end market development. SA has a proud history of dealing with these complex issues and should continue to support both WMRR in its endeavours and build on previous efforts like CDL to hold producers responsible.

It is essential that any response to soft plastics be a mandatory scheme, imposing binding obligations on all brand owners using soft plastic packaging to avoid waste, to reuse materials captured through the scheme and to cover the cost and risk of managing the recovered soft plastics, and ideally have independent oversight.

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WMRR's responses to the consultation questions can be found at **Annexure A**. Please do not hesitate to contact the undersigned to further discuss WMRR's submission.

Yours sincerely

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Submission:

<p>(a) How South Australia has responded to REDcycle being unable to process soft plastics</p>	<p>It is acknowledged at the outset that RedCycle was a scheme that captured the public's imagination and appeared to provide a pathway for some to recover soft plastics. However the collection scheme in and of itself was limited to simply Coles and Woolworths stores nationally (and not all of these), and not many other stores were able to participate in this scheme. For example WMRR is acutely aware that stores such as Foodland were not captured within the RedCycle scheme.</p> <p>Further as we now know whilst over 200 brands claimed that their soft plastic packaging was being recovered and recycled through this scheme, the actual volume collected (approximately 10,000 tpa of over 400,000 tonnes placed on market) and the coverage available in SA was extremely limited. In some ways, SA was less affected by the closure of RedCycle than other states given the limited return options.</p> <p>RedCycle was not able to provide a national system at scale to manage the sheer volume of soft plastics that was placed on market. Given the prevalence of this material and the natural instinct of both the waste and resource recovery (WARR) industry to provide a service to the community, there have been some limited <u>trials</u> (following the collapse) in conjunction with the Australian Food and Grocery Council (AFGC) and the Central Adelaide Waste and Recycling Authority (CAWRA) for kerbside collection of soft plastic. These trials have not demonstrated financial scalability. WMRR also explained above why this approach of AFGC is not supported, and why we consider that to tackle this issue systematically we need a genuine EPR scheme.</p>
<p>(b) Investigate how supermarkets and other collection points have ceased collections and what can be done to re-establish these services</p>	<p>The sad reality is that collection is easy- the WARR industry in Australia are experts in this. The part that is not easy and will not happen without regulation is the reprocessing and reuse of this material, through mandated design and recycled content standards by those generators, including packaging companies packagers that continue to preference this material. Resuming collection points and services without end markets will simply lead to stockpiles (like we have discovered with the collapse of RedCycle), which we cannot support.</p> <p>Collection is not the issue and as soft plastics have demonstrated; supply of this material will not create the demand for it as raw material input. Rather it is the processing of problematic and low value material that presents this issue. RedCycle was supported by a number of reprocessors including Plastics Forest and Replas, however significant stockpiles still occurred. This can be partly explained by the lack of market demand for the products that these facilities were making from the input, but also with the implementation of the export bans on plastic, there was other sources of plastic available in Australia that could be utilised that was easier to remanufacture with than this low value mixed polymers.</p>

	<p>It is WMRR's view that if there is contracted and actual demand (as opposed to the ongoing promises and claims) for this material and producers are held responsible for the products they bring to market a collection systems would flourish. The CDL in SA demonstrates the success of such an approach, the funding and end markets, has not only led to a system at scale within SA it has created real jobs and economic benefit.</p> <p>Further, REDcycle only dealt with domestic, grocery related soft plastic, we know that soft plastics are utilised across households and but also commercial and community premises such as hospitals, cafes, office buildings, hotels. It is truly unrealistic to assume a scheme that relied on collection points at supermarkets (RedCycle) or one that puts material in kerbside (NPRS) is a solution to the prevalence of this material. What we require is a scheme at scale that addresses all soft plastics placed on market.</p> <p>Re-establishing collection should only follow demonstrated producer responsibility, demand for the secondary raw material generated by soft plastics and infrastructure investment.</p>
(c) Determine whether funding from the state government (including Green Industries SA funding) has been sufficient to support South Australian businesses and local government councils within the soft plastics and other recyclables industry, including aluminium	<p>At the outset WMRR would state funding to date for resource recovery remains inadequate in SA. This became more pronounced when the landfill levy (which industry supports) increased dramatically in 2020, however the proportion returned to industry did not. The purpose of the levy is to act as an economic tool to keep material out of landfill and support its recovery and reuse. SA has a Waste and Resource Recovery (WARR) Infrastructure Plan (2018) that identified that \$166 million worth of new/ expanded investment would be required by 2025/ 26 alone, regrettably we have not seen anywhere near this level of investment even with the dramatic increase in levy.</p> <p>WMRR encourages the Government to review the dollar amounts for grant programs and is seeking information on what grant funding has been paid out in this space, how much material has been recycled, and how his this being tracked and reported? Industry does not have these total figures and holds the view that funding has been both selective and directed at trials (other than the modernisation funds which were mainly Federal money). Industry is seeking core analysis in terms of volumes, sustainability of programs and real costs per tonne for diversion.</p> <p>Finally, there has been no significant funding for education and behavioural change programs that tackle the higher order waste management hierarchy actions of avoiding, reducing and repairing, etc.</p>
(d) Identifying short and long term opportunities and solutions to ensure soft plastics can be recycled in South Australia;	<p>The cover letter to WMRR's submission provides what we consider is the long term solution to this particular challenge (in fact EPR is the solution for the vast majority of problematic materials that are placed on market if we are genuine about achieving 80% recovery rate by 2030).</p>

	<p>To support circular thinking and acting, SA consumers must recognise the valuable of materials consumed and where possible minimise/avoid consumption and maximise resource efficiency (maximise life cycle at highest and best use for as long as possible).</p> <p>While producers first and foremost must avoid the creation of hard-to-recycle materials, followed by creating products that are reusable and made of recycled content. As WMRR have been at pains to highlight in this submission, the focus must be at the top of the waste management hierarchy. Overall, the behaviour of the community, business and government is still linear. As evidenced by the large volumes of single use packaging, fast fashion and increase in waste volumes. However, we recognise that higher order actions take time and do not deal with material already in circulation. A short-term opportunity requires Australia moving away from using virgin, non-renewable resources and instead utilising recycled and resource recovered. WMRR has been arguing for minimum percentage requirements of Australian-recycled materials across projects and products and for all levels of government to commit to Australian-recycled procurement guidelines.</p> <p>Currently funding incentives exist via grants, however there is a lack of mandating (either capacity or will) to hold product producers to account. The landfill levy plays a role in making recycling and resource recovery more attractive than landfill, however it will not solve the initial design issue of low value and non-recoverable material coming to market nor will it support the move away from virgin material.</p> <p>The composition of the Commercial and Industrial (C&I) stream (a highly mixed stream) needs consideration and Government must move away from the misguided hope that a three (3) bin system at households, and reducing contamination levels will be all that is required to achieve the recovery targets. Considerable resource and capital investment is needed in the C&I area to achieve even small gains as it has been ignored for too long.</p>
(e) Examining strategies more broadly to reduce soft plastic waste generation and better management of commercial and residential waste	<p>These issues firstly all require avoidance before being broken down into separate and individual impacts. This is an area for GISA and EPA to work together in terms of engagement with stakeholders to develop long range achievable plans and agreed actions to address these challenges. The lack of clarity on the definition of waste and the reliance on solely the waste levy funds fails to recognise the employment benefits of the WARR sector and the reduced energy consumption and decreasing carbon emissions from resource recovery. While the community has demonstrated their ability to collect soft plastics, the material itself is low value and only a small proportion of the total plastic waste produced in the state. The SA Government needs to focus on identifying problematic large scale waste streams and materials and develop solutions for them. This should also consider freight distances and infrastructure capabilities to support regional partnership opportunities to avoid a one-size-fits-all model.</p>