



Mr Dean Knudson
Deputy Secretary
Department of Climate Change, Energy, the Environment and Water
GPO Box 3090
Canberra ACT 2601

Email: ExportWaste@dcceew.gov.au

20 September 2023

Dear Mr Knudson

Re: Recycling and Waste Reduction (Export—Waste Paper and Cardboard) Rules 2023

Thank you for the opportunity to provide feedback on the Recycling and Waste Reduction (Export—Waste Paper and Cardboard) Rules 2023. 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.

At the outset WMRR would like to express industry's appreciation for the consultation undertaken by the Department on these draft Rules over three (3) meetings between August and November 2022. The discussions were open and constructive. Industry also understands the drafting of the proposed Rules took longer than anticipated. Regrettably however, receiving these rules after the start of the financial year has a significant impact on the ability of Material Recovery Facilities (MRFs) to fund the necessary enhancements to meet these foreshadowed contamination levels. This is further compounded by the fact that post-COVID-19 shipping and equipment purchases remain extremely challenging, meaning the commencement of the proposed contamination levels in approximately eight (8) months' time is not possible for a number of facilities.

To prevent a disconnect between the intent and objectives of the ban, which industry supports, and our current domestic processing ability to meet the contamination requirements, which will have significant flow on impacts on material management as previously experienced (and in many instances, continue to experience), WMRR argues the implementation of these Rules, if they are to proceed, should not be until July 2025, to enable requisite MRF upgrades to proceed.

WMRR absolutely supports a quality framework and is supportive of a contamination level of 5% once MRFs are upgraded. This however, must also be complemented by a greater focus on packaging design. WMRR notes that the poor design of some packaging in circulation, for example the prevalence of composite and multi-layered packaging such as tetra-pak, makes it extremely difficult for MRFs to sort to a contamination level of less than 5%. This is worsened by the desire of some parties to place paper-like materials such as soft plastics, which are also two-dimensional, into MRFs via kerbside collection. The lack of enforceable design standards around packaging to-date and the absence of collection pathways for materials that should not end up in the kerbside stream make it impossible to meet any contamination level below 5%. As such WMRR does not support the threshold being lower than 5% at any time in the future, and supports that any variation to this level should only occur as a result of a commercial arrangements between individual MRFs and purchasers.

On a strategic level, WMRR genuinely queries whether the original timing of the Rules (2024) is still applicable. Australia's current national waste and resource recovery policy and investment framework are vastly different

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to 2019. We have a commitment to create a circular economy in Australia by 2030, and the importance of design in eliminating waste and pollution is now recognised. The Rules in their current state are no longer appropriate given their clear focus on end-of-pipe without any impact at all on design or the ability to drive circularity. The Rules continue to be a very blunt instrument at end-of-pipe and are now outdated in light of our circularity commitments and actions.

The vast majority of material that is subject to the export bans is packaging (glass, plastics and paper packaging), that are almost always subject to contracts between local governments and MRFs. The announcement by the Environment Ministers in June 2023 that they propose to 'mandate obligations for packaging design as part of a new packaging regulatory scheme based on international best practice and make industry responsible for the packaging they place on the market' could have a real impact on both investment and market demand in Australia, and it makes little sense to progress this export regulation in the absence of this work being completed.

It has also become evident over the last three (3) years of operation that the current Rules in place, including both the approach and time taken to implement, are not workable, given the consideration and approval process is extremely slow, costly (to business) and fails to reflect the genuine ebbs and flows of material collection onshore and market demand offshore (and lack of onshore). The time taken in the decision-making process, the uncertainty of outcome, and the factors taken into consideration (not always evidentiary), have had serious impacts on industry. We have seen significant stockpiling in an attempt to stave off landfilling of recyclables and obtaining approvals to export because there are clearly insufficient facilities onshore to remanufacture. This has resulted in companies incurring additional cost and facing severe pressures to safely store finished product (in accord with stage two (2) of the plastics ban) whilst awaiting approvals.

The fact paper and cardboard is the highest material stream exported (second to metals that is not subject to Export Regulation) and represents almost 50% of the kerbside stream, means that if these ongoing licensing challenges continue, we will see these local government contracts - a number of which are already under pressure due to the adverse impacts the PET restrictions are causing - come under further strain if they cannot gain access to facilities for what is a product that is able to be traded locally and nationally.

WMRR from the outset supported the export restrictions in theory as we recognised the intent and benefits that could arise out of these restrictions. We wrote in our initial submission on the COAG proposal that they presented an opportunity to create domestic demand for post-consumer recyclate that was previously exported and traded with countries as material inputs into their manufacturing processes. If done well, restriction have the opportunity to significantly shift Australia's paradigm, recognising the value of these resources in Australia and growing a domestic remanufacturing sector in Australia. However, there must also be acknowledgement that Australia is a net importer of a significant volume of these materials and as such, any policy must consider both the existing and established export markets for certain products that are valued as material inputs into manufacturing globally, while building domestic onshore markets for the remaining post-consumer recyclate.

Regrettably to-date, the restrictions have not proceeded as well as they could have, with cumbersome, delayed and extremely slow processes for gaining licenses and exemptions, and no alignment being made between market volumes of materials, available local remanufacturing capacity, and the need to export volumes until capacity is available. This has resulted in significant stockpiling and valuation of materials plummeting as there is excess supply of material for facilities that can currently accept.

For example, the Australian Plastic Flows and Fates Study 2020-21 National Report prepared for DCCEEW by Blue Environment states at 5.4 that even by 2025 there will be a gap between end-of-life plastic generation and on-shore capacity, the largest processing gaps will be in PP, HDPE and LDPE. These gaps exist in 2023 and are

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having a significant impact. Yet, we continue see the Rules executed very bluntly across all streams regardless of capacity. Irrespective of these gaps, we also see these materials continue to be placed on market, no restriction on importing international recyclate, and no requirement for producers to utilise their own Australian recycled packaging back as feedstock. WMRR has long argued that waste management and resource recovery is a shared responsibility; yet there remains an imbalance in how we manage our end-of-life materials.

Whilst State and Federal Governments have partnered with industry to deliver funding under the Recycling Modernisation Fund since 2020, at the time of writing, the DCCEEW's data viewer notes that only 20 of the announced projects have been completed to deliver 176,317 tonnes of new capacity, with a further 88 under development. This again highlights the challenges in developing these facilities largely due to planning and licensing timeframes but hampered further by the lack of demand for Australian recycled content (and the current lack of requirement to preference it or any restriction to import recyclate).

As paper and cardboard represent the highest material stream exported, getting this Rule right is vital. Australia imports 1.2 million tonnes of paper and cardboard annually, consumes almost five (5) million tonnes (including what is imported), and currently recovers close to four (4) million tonnes, of which one (1) million tonnes is through export. Whilst we appreciate the proposed Rules only impact mixed paper, it is still necessary that there is a realistic and timely pathway to continue to gain access to export markets given we do not have paper mills throughout Australia (WA, SA, the NT and the ACT have none). This means that a far more nuanced response for this material stream is required than we have seen for others to-date.

WMRR completely understands and supports the need to find a balance between supporting onshore remanufacturing investment by ensuring those that have invested in Australia have certain access to feedstock and markets at a reasonable price. However, there must be a safety valve for those states that cannot attract such investments, despite repeated attempts. In the absence of doing this, there will be significant impacts on council contracts and possibly risk of landfilling a material that we know has global demand as seen by the fact we continue to be a net importer and exporter of over one (1) million tonnes of paper annually.

As timeframes for implementing the export restrictions have not been legislated as such, WMRR would strongly advise the Department, whilst foreshadowing the expected quality standard to be 5%, delay the introduction and commencement of any Rule until 2025. This is assuming that the Rules remain applicable once lessons learned from the previous material export restrictions are considered, as well as a review of the current licensing framework is undertaken. WMRR also notes there are a large number of licenses and exemptions that will require review and/or renewal in the first half of 2024 (as many as 14), which will place a heavy workload on the Department with its current approach. This may also jeopardise the successful implementation of these Rules.

As an industry, we are determined to collect and recover resources we can remanufacture in Australia into products to compete with virgin products, in order to reduce reliance on virgin materials, reduce energy demands and carbon emissions, and create Australian jobs. The lack of demand for products and materials made from Australian recyclate has been and remains the major challenge the Australian WARR industry continues to face. However, we are aware this may change with the foreshadowed implementation by the Federal Environment Minister of a regulated packaging scheme that includes design standards, which ideally will include mandated (Australian) recycled content, driving local demand and investment in onshore remanufacturing facilities.

WMRR supports the development of onshore infrastructure for the myriad benefits highlighted above; however, the current approach of singularly using bans has been overly simplistic and yet, we have still not seen policy or regulatory changes that support the use of Australian recyclate since 2020; outside of the work being done in Victoria by Ecologiq, government procurement of recyclate has been limited at best. The foreshadowed

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regulatory packaging scheme and the transition to a circular economy by 2030 will hopefully mean there will be increased systems-based thinking, less end-of-pipe intervention, a more holistic and balanced approach and more integrated regulation that will drive better designed products, cleaner streams of material collected, and an enabling of local market demand and onshore remanufacturing investment. In the absence of these, a hard ban on export simply means value lost and increased landfilling of valuable commodities. The WARR industry alone cannot drive this change in demand, it requires strong government policy.

In line with the pivotal changes required and considerations above, WMRR advocates for delaying implementation by an additional 12 months to 1 July 2025 and for contamination levels to be no less than 5%.

Please contact the undersigned if you wish to further discuss WMRR's submission.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Gayle Sloan', positioned above the printed name.

Gayle Sloan
Chief Executive Officer
Waste Management and Resource Recovery Association of Australia