



Committee Secretary
Senate Standing Committees on Environment and Communications
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16 April 2024

Dear Committee Secretary

Re: Inquiry into Waste Reduction and Recycling Policies

Thank you for the opportunity to submit to the Senate Standing Committee on Environment and Communications on the above referral. The Waste Management and Resource Recovery Association of Australia (WMRR) is the national peak body representing Australia's entire \$17 billion waste and resource recovery (WARR) industry. With more than 2,200 members from over 400 entities nationwide, we represent the breadth and depth of the sector, including representation from business organisations, the three (3) tiers of government, universities, and Non-Government Organisations (NGOs), including research bodies.

At the outset it should be noted that prior to the development and implementation of the National Waste Policy Action Plan (NWPAP) 2019, the preceding Australian Waste Policy was developed in 2009. With limited funding or action taken by any Federal government, beyond packaging and some stewardship initiatives in the period between 2009 and 2018. Until 2019, the bulk of 'policy' around the WARR industry had been largely left by the Federal government to the states. With little to no action or understanding at a national level of the need to create a consistent national framework for managing material or carbon, given that Australia is in fact one (1) common marketplace.

The opportunity still exists for the Australian Government to recognise the complexities and interconnectedness of the WARR sector through an integrated economic and environmental framework like has already been done in the European Union (EU) and USA. This will ensure a consistent approach across the entire supply chain for producers, generators and the WARR industry. This opportunity is yet to be fully embraced. If it were, government programmes such as the recently announced Solar SunShot initiative would offer greater economic benefits through supporting the use of Australian critical minerals in local PV panels manufacture and a well-developed extended producer responsibility (EPR) scheme to design out waste and pollution and prolong the life of products and materials. The scheme would enable panel recovery and recycling, onshore remanufacturing, create significant green jobs and investment while supporting the transition to renewables.

WMRR does appreciate that the WARR sector is complex, and governments at all levels really have struggled to understand it and create fit for purpose regulation to support either closed loop or circular economy activity and investment. This often results in a lack of understanding in the role that WARR can play within the economy, resulting in policies focusing simply on 'waste' and pollution, as opposed to establishing clear regulatory and policy regimes for material management that focus on extending lifecycles. This lack of integration results in 'waste' continuing to be viewed as a negative cost externality that the next person in the supply chain is responsible for paying, rather than a perceived degradation of value as the product progresses through the lifecycle. Resulting in the generator not only having no responsibility for the perceived residual cost at end of life but the true cost of a resource lost.

It remains a great shame that there has been little to no link made by governments to recognise the true value of resources and waste generation, nor the link between consumption and carbon generation. The extraction

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and processing of materials, fuels and food contribute to 50% of total global greenhouse gas emissions and over 90% of biodiversity loss and water stress. All governments to date (despite a number claiming to adopt circular economy strategies) continue to place too much emphasis on the end of the supply chain (collection, sorting and processing) with insufficient policy or regulatory action looking at the initial design, manufacturing and consumption of the products. If we are bona fide in creating a circular economy in Australia by 2030 we actually need to accelerate the creation of a national framework that requires integrated action across the supply chain, heavily at the beginning. A real paradigm shift is needed if there will be any chance of moving Australia's circularity rate from CSIROs calculated level of 5.4%.

It is worth noting the NWPAP and blunt instrument export regulations imposed through the *Recycling and Waste Reduction Act 2020* occurred under the previous Morrison government. This government has however continued to implement these, and other end of pipe initiatives such as 'kerbside reform' while committing to number of supposedly circular actions all due later this year (reviewing the NWPAP, packaging regulations, proposed increased regulatory stewardship as well as having implemented a Circular Economy Ministerial Advisory Committee (CEMAC) to develop a national circular economy framework). The review of packaging regulations is long overdue and indicate a growing understanding of the broader supply chain, and earlier government intervention.

Australian governments have also demonstrated reluctance to look at maximising economic tools as part of its policy options. There are real opportunities to provide investment certainty through designing and utilising waste levies nationally to place a true price on material, incentivise investment in resource recovery and stop material moving around Australia. We need far greater integration with carbon policy in particular the Safeguard Mechanism and ACCUs, and these need to be deployed in a manner that drives resource recovery and preferencing recycled over virgin.

Australia still has time to create the correct settings to become a circular economy in 2030. Arguably it needs less politics and more policy. We must establish a national framework for circularity that utilizes data to prioritise areas of intervention, identify linkages across the supply chain including with carbon policy and places greater emphasis on design. This must be supported by national regulatory alignment on how we manage resource recovery, producers required to design out hazardous substances, increased emphasis on recycled materials and products across the entire economy with real investment in innovation to extend life – reuse and repair options and all the policy levers to support this, pulled. WMRR's detailed responses to the inquiry's questions can be found at **Annexure A**.

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

Yours sincerely

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Annexure A

The effectiveness of the Albanese Labor Government's waste reduction and recycling policies in delivering a circular economy, with reference to: (a) recycling export regulations imposed through the Recycling and Waste Reduction Act 2020, noting the: (i) ramifications for Australia's international and domestic commitments and obligations under the Act, (ii) benefits and consequences of imposing the requirements on the Australian industry, and (iii) interaction and efficacy of the community and economic benefits of the legislation;	As noted above the export regulations commenced before the current administration came to Government. The implementation of the export regulations represented significant market intervention and ignored the fact that Australia was a net importer of materials, with a low manufacturing base, limited demand for recycled material or products and a challenging energy market with limited carbon policy to incentivize either the uptake in the use of non-virgin materials or a shift to renewable energy. It should have been noted that the bulk of materials that were being exported were packaging materials (plastic and paper/ cardboard) a large proportion of which was imported. The opportunity by government to intervene across the supply chain (the major one being packaging design), was not employed in 2018/19. At the same time these regulations were being developed there should have been real action to address the Australian Packaging Covenant (APCO) already in operation for over 15 years with little success. It is worth noting that we currently have a review of packaging regulation under way that this government commenced, the detail of this will be released later this year. However, it is long overdue, and it is vital to addressing the challenge of low recovery in packaging waste in particular for plastics- due to design (including use of recycled Australian content) and investment funding for remanufacture. At present these costs fall heavily on local councils. As part of implementing the export regulations, the previous government did however commit to complement the Act with the Recycling Modernisation (RMF), <i>driving a \$1 billion transformation of our waste and recycling industry to turbocharge domestic recycling so we can process Australia materials that were previously sent overseas</i>. Regrettably this Fund was not well implemented, and the necessary supporting policies required did not all eventuate (emphasis on recycled material through procurement), nor was appropriate market development undertaken by government to drive the uptake of recycled materials that these facilities would provide (with the exception being Victoria with EcologiQ). Capital for facilities alone will not drive their delivery in the absence of a clear offtake market for the materials/ product made. Whilst packaging 'waste' keeps coming from households to material recovery facilities (MRFs), there is not always demand for reprocessing in Australia. Whilst the goal was to stop the export of 'waste' there was little understanding of existing imports, the lack of recycling infrastructure or onshore demand. Nor resourcing allocated to enforce such restrictions once implemented. Further the opportunity for state and federal government departments to work together to develop a strong national framework never occurred. From the outset there was little to no systems thinking employed in scheme design and limited reliance on data. This has hampered implementation as there has been little understanding of the fates and flows of the material streams impacted and the onshore investment funded by the previous government.
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For example less than 20,000 tonnes of glass was sent offshore for recycling, however \$60 million has been allocated under the RMF to 16 projects to process over 330,000 tonnes of material- far in excess of what was ever being sent overseas. The lack of alignment between what was exported, what was funded and what was required to be given access to export markets (and not landfilled), due to a lack of onshore demand has not been well managed and continues to place undue pressure on both the recycling and remanufacturing industries and ipso facto local government municipal contracts.

The link between material placed on market and facilities required and funded under the RMF has not been achieved, and possibly will not be given that at present there is no restriction on the design of products that can be placed on market in Australia. It is hoped with the proposed packaging design rules we may see some of these challenges addressed. For example, PET is currently used by some in meat trays, however the reprocessors of PET in Australia do not covet these items, much preferring high quality food grade drink bottles, meaning we have a significant shortfall in demand for MRF grade PET (over 40,000 tonnes are placed on market each year with limited demand for this material), however this material has significant restrictions on being exported.

Possibly due to a lack of understanding of the purpose of recycling (to recover materials to continue to circulate in the productive economy), the Act and regulations went further than initially anticipated (which was to ensure a cleaner stream of material was exported) and included value added materials such as recycled plastic flake and pellet. Industry would contend that this value add, no longer makes this material a waste, rather it is clearly a resource that can be used in manufacturing. Noting that if this was virgin material there would be no restrictions on it at all. However, even when value added this material under the current regime remains classified as a waste. Making it even harder to compete with virgin material or find markets for this material, as there are no clear time frames for the licensing or exemption approval process.

The challenges faced by industry have compounded as a result of an extremely slow and cumbersome licensing and exemption process which fails to keep abreast with the creation of sorted materials through MRFs and/ or other recovery networks, and fails to take into consideration licensing and stockpiling requirements that exist with state regulators. Meaning the movement of such materials to export markets (where there is no local demand) must be much faster than currently experienced. This is compounded by the fact that there is no clear data source developed over what is placed on market, what is recovered and what there is demand for in Australia. We have seen real examples of facilities making recycled pellets/ flake having to lease separate premises to hold these whilst waiting for approval from the licensing regime. Again, we note that there are no restrictions on sending virgin material onshore or offshore, nor are there restrictions on bringing recycled materials into Australia for use.



	Industry is very much hoping that any proposal for implementation of cost recovery fees for this scheme does not proceed, as the reality is that this entire export and licensing regime simply adds cost and time to a system that was already fragile. There is no cost for example for importing or exporting virgin equivalent (nor approvals required). The majority of this material is in fact packaging waste, any costs associated with managing these materials should be covered by those that produce it, not passed to those that are attempting to divert it from landfill. If greater financial and risk obligations had been shared across the supply chain since 2018/19 rather than persevering with the packaging covenant, Australia arguably would have had a far more effective system by now with better designed material, greater recovery and greater investment. It's also important to note that all plastics are not the same. Whilst it is clear that there are seven (7) polymer types, it has become evident through this process that manufacturing facilities will also have their own specifications for flake or pellet, which may mean if there is no onshore demand, that approval is required even to send a small sample overseas for a trial with a facility. By the time that may be granted the overseas facility may already have sourced what it requires elsewhere as we operate in a global economy. WMRR would also like to point out that we are increasingly concerned that there is no requirement for local reprocessing facilities to utilize Australian plastics, even when we believe they have been funded under the RMF by state and federal governments. Increasingly WMRR is being made aware that remanufacturing facilities could be utilising imported materials, also impacting the local market demand for collected Australian plastic material. This is an area that we believe requires review and addressing as a matter of urgency. In summary, the introduction of the export restrictions was a significant market intervention and failed to address the fundamental lack of market demand that existed in Australia for recycled materials. The RMF funding has assisted in some states to increase investment, however it has not been sufficiently focused based on data and evidence of what is required where. DCCEEW has done a good job recently in pulling data together, however there would be real benefit in an integrated strategic infrastructure plan across Australia based on actual fates and flows to support this investment process. Further this must be supported by design rules about what can be placed on market, even New Zealand has phased out low value plastics leaving only four (4) high value in circulation (PET, HDPE, PP and LDPE). Australia must follow and only then invest in facilities that process these materials to agreed design standards for recovery. As such the proposed design schemes and design regulation is crucial for industry and to ensure we can recover in Australia effectively.
(b) the efficacy and progress on circular economy deliverables;	As mentioned above, according to CSIRO's recent report <i>"Australia's comparative and competitive advantage in transitioning to a circular Economy"</i> whilst we extracted 2,587million tonnes of natural material, of the 917



	million tonnes consumed domestically only 39 million tonnes were recycled providing a 5.4% circularity rate. We have a long way to go to get the policy and regulatory settings correct nationally to improve this rate. In WMRR's view, to meet not only the adopted national targets on resource recovery, but also the carbon reduction targets it is vital that Australia develop a national circular economy blueprint that rapidly transitions the economy from linear to truly circular. Australia needs a framework similar to the EU's <i>Waste Directives</i> in order that all states and territories have a consistent approach towards products placed on market, how these are to be managed through their lifecycle including collection and management at end of life, placing clear obligations on producers, also resulting in shared risk and cost for managing the lifecycle of products and their environmental impacts. The reality is that Australia has consistently failed to value products and materials made from recycled materials and to date government at all levels, fails to place any emphasis on reducing demand for virgin material and increasing demand for recycle, given the obvious benefits of reducing energy consumption and greenhouse gas (GhG) emissions. As Australia continues to increase the amount of waste material produced per capita and government continues to set targets for recovery, there remains limited options to achieve this. While there are overseas facilities and demand for these materials and neither in Australia the only option is to export. The development of a national circular economy blueprint – not another linear model like the NWPAP, which has been continuously delayed. The blueprint must include pathways, actions, and targets that will enable no net emissions of greenhouse gases by 2050, the decoupling of economic growth from resource use, an emphasis on product design that focuses on reusability, repairability, recyclability (and recycling), as well as remanufacturing, clean energy, sustainable transportation, and research and financial support for innovation in low-emissions and sustainable technologies, products, and services across all sectors. This scaffolding will recognise climate, carbon and community. Specific circular economy deliverables (sustainable design and procurement) have not in fact come to fruition. Sustainable design actions would include incentives, guidelines and standards. Loosely a certification system has been proposed under ReMade in Australia which is actually a traceability scheme and does not address consumer confidence in products only the certification. Procurement to create demand for supply is also lacking. In theory recycled content requirements have been added to procurement frameworks however this is voluntary and no mandated content requirements have been stipulated either.
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	Industry understands that the CEMAG is working on a framework for circularity that will be exhibited later this year. What WMRR is also keen to see is the roadmap as to how Australia gets there. As the WARR sector is key to supporting this success as the heavy lifters at present in driving circulation of materials primarily through recycling. WMRR believes that there is a real opportunity in redrafting the NWPAP to create a roadmap that supports this framework, that also hopefully will drive a nationally consistent regulatory framework for recovering and valuing materials. Also recognising that there are problematic materials in circulation that the WARR Industry is left to manage. We need consistent and appropriate regulation to do so. Key to this success is also a national program that requires all manufacturers (local and import) to report and identify hazardous chemicals within the products they produce and supply, similar to for example, the EU's REACH (Register, Authorisation and Restriction of Chemicals) program as well as the Classification, Labelling and Packaging (CLP) initiative, which requires identification of the material to allow consumers to make an informed choice. This leads into as yet to occur national phase-out of Persistent Organic Pollutants (POPs) starting with PFAS by banning the use of these substances as raw materials in products in the first instance – started through Industrial Chemical Environmental Management Standard (IChEMS) however this does not go far or fast enough.
(c) the progress on the implementation of mandated product stewardship schemes;	As Australia rapidly moves towards its 2030 targets of an average of 80% resource recovery across all waste streams, 10% reduction in waste generated per person and the creation of a circular economy, it is vital that considered policy leveraging all aspects of the supply chain is utilised in developing product stewardship and EPR schemes in Australia. Currently Australia's resource recovery rate remains stagnated at 62% with over 28 million tonnes of material going to landfill. To change this, we need greater and stronger policy emphasis on EPR to address complex materials. Regrettably we have not had the success that we should have with some of these schemes and some of the investment decisions made by the prior government, who through the National Product Stewardship Scheme supported a number of initiatives that were arguably not priority material streams (eg car seats) or more importantly should have been funded by producers (eg coffee pods). (As a general note, given the limited funding available there must be far greater emphasis placed on evidence of need and impact when grants are awarded.) Government needs to also ensure that proposed schemes are 'future fit', in considering future models of ownership for stewardship items and other products, as the world moves more to leasing and sharing rather than owning, all part of being a resource efficient and circular economy. The paper should not assume business

as usual in Australia, and should consider current trends continue, as well as looking to overseas and the current emphasis on design, lifecycle, incentives, transparency of cost, etc. 'product stewardship' also includes EPR, which looks to extend a producer's financial responsibilities to the collection, recycling, and safe disposal of products at the post-consumption stage of the lifecycle, in other words, such regulation is designed to manage the lifecycle of products (and their impacts).

If there was in fact an overarching framework in Australia (as mentioned above) akin to the Waste Directives, there would be greater clarity in relation to design and lifecycle management obligations on generators/producers. Arguably this would lead to greater investment in recovery and use of recycled materials in production as there are both incentives and obligations to do so. In the absence of this, we see in Australia the ongoing process of individual schemes being developed, and it is not always clear what the priority is. Lately it is unclear whether EPR is well understood by some in government who seem intent on simply developing collection schemes and not looking at lifecycle.

For example, in the recent work undertaken by DCCEEW in relation to e-waste. The paper did focus on some of the problems that e-waste currently creates in Australia; inclusion of hazardous materials, the loss of and critical and valuable materials, inadequate onshore recycling and the need to divert from landfill). However, the very end-of-pipe centric scheme proposed, failed to address all these issues sufficiently nor remaining challenges; consumption, generator obligations, end markets, design (inferior quality (cheap and or dangerous), inbuilt obsolescence and lack of durability). These problems cannot be solved with the proposed fee at the border, that once paid appears to absolve producers of most of the responsibility and places no obligation on improved environmental outcomes or product development. The scheme proposed to industry lacked emphasis on extending the lifecycle for these products or creating a real circular economy, with no real obligations on producer responsibility and only tokenistic regard to consumption and necessary behaviour change. The demand for recycled e-product materials was not covered and the paper almost assumes that there is a market for these materials, with 'competition' between network operators given the assumed markets, seen as key to keeping costs low.

The reality is that we do not have to keep reinventing the wheel with these schemes and to move faster and more comprehensively we can utilise what is occurring in the EU. The fact that a vast majority of those that import into Australia already operate there makes it even easier to operate. The EU has developed a number of very clever Directives that we can embrace, for example the WEEE Directive 2012/19/EU recognises the difference and complexities of materials involved, different markets required for products, the need for producers to remain involved and obligated through the lifecycle of the product to increase reuse, enable repair



	and encourage redesign. Noting that several of the WEEE objectives, also exist in the <i>Recycling and Waste Reduction Act 2020</i>. The e-waste paper consulted on in 2023 highlighted that there remains a lack of critical understanding of what EPR is and what is required to create a circular economy in Australia. We still have not seen the result of this consultation, which is critical to a number of other serious material streams (embedded batteries and PV panels). It is deeply frustrating given the risk that embedded battery products are creating and the future challenges that PV panels will create if not designed well with clear recovery pathways and generator obligations. We need to start mandating schemes and focus on the priority problematic materials including packaging (including soft plastics), batteries (of all types including embedded), whitegoods, mattresses and PV panels that are creating large volumes and/ or creating hazards. WMRR would encourage the government as a matter of urgency further develop scheme thinking to capture both local and international advances in this area and focus on priority problematic materials. Research undertaken for the Federal Government by the Centre of Excellence found that the five (5) key elements necessary for a successful product stewardship scheme, are: • High levels of industry or business investment and participation; • Clearly defined objectives including measurable environmental, social, and economic performance indicators that allow for continual assessment of the effectiveness; • Good governance; • Use of financial incentives (across the supply chain)—to drive behaviour change of businesses, consumers, repairers, collectors, sorters, and recyclers; and • Effective marketing —leading to high awareness and increased user participation. It will only be by placing positive obligations on producers (financial and regulatory) we will see the improvement in design and recovery that we require across the entire supply chain. Nowhere is that more obvious than the introduction of container deposit schemes in states that has led to increased recovery and investment. However, this should have been a national scheme that also included consistent design obligations and the use of recycled content in packaging- a missed opportunity, let's not miss more of these opportunities.
(d) any other related matters.	There is a need for genuine cooperation and consistency of policies and regulation across Australia. Whilst Australia is a Federation, the reality is we are also one (1) common market. In recent years as policy activity has



increased for example with the increasing introduction of environmental policies, we have seen limited cooperation between jurisdictions to agree on a national approach. This is very evident in plastic policies, beverage containers, compost and in many other areas. This has had an adverse impact on not just the WARR industry but business more generally having to respond to individual state requirements, adding costs and complexity to business, as state governments try to outgreen each other.

In no way are we saying that the Federal government should be left with these policy decisions however, rather like the EU there should be agreed national priorities and policies set at the Environment Ministers Meeting and then states develop their respective approaches within the agreed parameters. At present every state takes a different approach to landfill bans, plastics, recovered asbestos, recycled product quality, and many more areas making it extremely difficult for businesses to comply. We can learn a lot from the EU and their Green Deal about how you bring countries (not states) together to develop both an economic and environmental blueprint for success.