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August 4, 2020

Green Industries SA
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By email: greenindustries@sa.gov.au

Dear Sir/Madam

A Vision for a Circular Economy (SA Waste Strategy 2020-2025)

The Australian Industry Group (Ai Group) welcomes the opportunity to make a submission on the SA Waste Strategy ([2020-25](#)) and commends the government for its continued action on an issue that is very important for business and the community.

The Australian Industry Group (Ai Group) is a peak national employer association representing and connecting thousands of businesses in a variety of industries and sectors across Australia. Our membership and affiliates include private sector employers large and small from more than 60,000 businesses employing over 1 million staff. Ai Group promotes industry development, jobs growth and stronger Australian communities. Our members have a common interest in creating more competitive businesses and a stronger economic environment.

Ai Group acknowledges the significant work SA has done in the waste and recycling area, which has resulted in, among other things, higher diversion and resource recovery rates than the other states¹. SA should continue to strive for a waste system that is sustainable, reliable, affordable and helps to realise a circular economy. But this is a tough challenge, made tougher by Australia's unique market and geographic conditions. No single policy process is likely to achieve these goals, and a circular economy cannot be achieved by any one state alone.

Finally, before addressing the questions presented in this paper, we must acknowledge the context in which this consultation is taking place. COVID-19 has caused unprecedented disruption to Australian industry and resources are stretched thin, making meaningful consultation on business as usual matters understandably harder to achieve. 2020-25 is likely to be a challenging time for Australia in the fallout of COVID-19, and any decisions regarding the strategy made for this timeframe must account for the significant stress and disruption COVID-19 has imposed on local operations as well as international supply chains in all sectors.

¹ A Vision for a Circular Economy: Waste Strategy 2020-25 Consultation Draft, p.31



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Responses: General Questions

Q1. Are our priorities correct? Why or why not?

Ai Group is broadly supportive of the priorities outlined (transition to circular economy, market development, infrastructure capability and capacity, food waste and plastics and packaging). Areas of particular interest are discussed below.

Transition to Circular Economy

Priority Actions

'Advocate for product labelling standards to enable better dismantling, reuse and recycling of products and information relating to recycled content.'

Ai Group encourages SA to work cooperatively with other jurisdictions, as well as organisations such as the Australian Packaging Covenant Organisation (APCO) to agree nationally harmonised product labelling standards to achieve the outcomes listed. Greater harmonisation will assist with consumer education, reduce confusion and help to reduce contamination in the waste stream.

'Advocate for extended producer responsibility schemes that deliver recycling outcomes and achieve higher outcomes on the waste hierarchy (such as through better product design).'

Though Ai Group would not support any SA-only extended producer responsibility schemes, we are open to a national discussion on the topic. Any introduced schemes must be national to avoid confusion, inefficiency and unfair burdens on different businesses; should be the most efficient form of intervention; and should be designed and implemented to discourage free riding and maintain a level playing field for industry.

'Encourage research and development, commercialisation and innovation in new technologies, including big data analytics, social media, trace and return systems, 3D printing and modular design technologies.'

Innovation is the gateway for turning waste from a problem into a product in a CE. Ai Group support SA in encouraging research and development (R&D) and commercialisation and innovation in new technologies. It is worth noting that legislation before the Federal Parliament would cut over \$1bn from the R&D Tax Incentive, which may prove to be a barrier for innovation and waste tech in SA. SA should consider how best to support businesses to engage in R&D through state-based programs and incentives, while advocating for better support at the Federal level.

Waste innovation requires both new technologies and new partnerships, especially between those with a product and those with a solution for giving that product a second life. In many cases, the successful application of new technologies, processes and innovative pathways in one area may well lead to use in multiple areas. This not only helps us deal with our waste issues onshore but keeps the associated jobs in Australia. Should SA choose to provide extra support for these partnerships, SA businesses could leverage this along with Federal support options for recycling and better waste management to become a powerhouse in innovation and the CE, attracting new business and growth opportunities to the state while helping to address the waste challenge.



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Ai Group's 2016 report on innovation collaboration highlights the techniques that leading innovative businesses use to drive deeper and more successful innovation relationships.² These insights into partner identification and selection, managing relationships and learning from experience are worth incorporating into SA's waste innovation efforts.

Market Development

The key barrier to many circular economy activities is not the initial investment in recycling and recovery facilities, but the current cost gap between once-through and circular approaches and the consequent uncertainty about sustained demand for recovered and recycled materials. Governments must provide effective interventions to build sustainable markets for recycled product. Waste bans and other targets will not themselves create the domestic markets and requisite infrastructure required to absorb large volumes of waste onshore and give it a meaningful second life.

Governments should invest substantial time and resources into addressing the financial sustainability of the CE.

We encourage SA to:

- Embed circular economy principles into all government procurement guidelines and align standards and specifications nationally (where possible) for products and inputs to drive greater use of recovered materials in products, packaging and new construction projects;
- Invest in consumer education about the value of the circular economy and making informed decisions about the purchase of products with re-use and recycling potential. This should be pitched at a broad audience, and embedded into school curricula if possible;
- Support local start-ups that are working within or contributing to a circular economy model; and
- Take a leadership role in encouraging other jurisdictions to collaborate on a holistic approach to an Australian circular economy vision (beyond the National Waste Policy Action Plan, which delegates most responsibility back to states and stakeholders for internal, siloed solutions).

Priority Actions

'Collaborate in and advocate for nationally consistent standards and/or frameworks for the requirement of recycled-content products in government procurement'

Ai Group is very supportive of this approach. Roads, transport, pavements, landscaping and insulation are widely acknowledged to represent significant opportunities for greater use of recycled content; however, industry have reported standards and regulatory barriers to greater use of these products. Focusing on these areas should be an immediate priority for government, followed by other areas of opportunity, such as paper and packaging. Getting standards and regulatory settings right is critical in ensuring that quality fit for purpose recycled materials are not excluded from use due to unresponsive standards and regulatory frameworks. Additionally, standards are critical to community safety and should be acknowledged by government as such.

² Ai Group, [Joining Forces: Innovation Success Through Partnerships](#) (September 2016).



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Ai Group is a strong advocate of quality standards in Australia and have over 200 technical experts representing Ai Group on up to 400 Standards Australia committees. It is our view that technical standards should be Australia wide, and harmonised with international standards wherever possible. Fragmenting the standards landscape leads to confusion, non-compliance, additional cost to industry and higher prices and Ai Group does not support individual state-level standards (unless necessary for legislative purposes, or because there is no appropriate Australian standard). SA should consider liaising directly with Standards Australia to explore opportunities that may be provided by the incorporation of national standards in state procurement processes. Taking a leadership role and encouraging other states to participate would be well received by industry.

'Ensure a robust regulatory environment that supports local market development for remanufactured products.'

Streamlined, robust, durable and enduring standards, planning and environmental frameworks are needed to support waste and resource recovery infrastructure and investment. Reviewing statutory instruments to ensure they are fit for purpose, making regulatory and compliance expectations clearer and simpler (particularly for complicated matters like Energy from Waste policy), simplifying regulatory communications and facilitating consistent dialogue between regulators and industry through a reference group would be positive steps and well received by industry.

Infrastructure Capability and Capacity

Increased demand and better markets Australia wide would bring on and support more infrastructure capability and capacity. However, there remain substantial planning challenges associated with new waste facilities in Australia, along with significant threats of urban encroachment on existing ones. This must be addressed by all states urgently so we can manage more of our waste onshore and give a meaningful second life to more products through new innovations, technologies and facilities.

Food Waste

'Develop legislation to harmonise the three-bin system across all metropolitan councils'

Ai Group are strongly supportive of harmonisation between as many councils as possible noting that transport costs may impact on the efficiency of approaches to the management of waste for areas more remote from recycling facilities. This will assist with better education campaign opportunities for households and contribute to a likely reduction in contamination as the community gains clarity regarding what is expected of them. That would help deliver the behaviour change elements highlighted in this section of the consultation paper.

'Investigate legislative options to restrict the disposal of organics from businesses to landfill and to enforce food waste collection from businesses'

Ai Group urge government to consult closely with impacted industries on this. There may be legitimate barriers to collection of such waste and given the current uncertain and troubling climate for businesses, 2020-25 may not be the right time to introduce additional cost or burden to impacted industries and households. The proposed trial procurement of precinct organics collections from business premises within significant food retail areas and the potential broader applications discussed may largely solve this problem with a softer touch. A regulatory approach that passed rigorous cost benefit analysis should still be accompanied by measures to ease the transition for vulnerable businesses and their employees.



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'Mandate the use of compostable food service ware at events and for home delivery and takeaway food'

This will require further consultation with industry. The takeaway food inclusion will likely be of significant concern to the industry, particularly national chains who have standard packaging Australia wide, or in some cases globally. A harmonised approach across jurisdictions would be strongly preferable.

'Support infrastructure investment in locally produced compostable Australian Standard-certified items. Support the development and expansion of viable and sustainable markets for composting products and outputs arising from the increased recovery of food and other organic wastes, including through standards, specifications and guidelines'

As previously discussed, Ai Group is a strong advocate of Australian standards and would be pleased to see SA encouraging the use of Australian Standards in local compostable manufacture projects for government investment. This will support local goals, without creating fragmentation in the national standards landscape.

Plastic and Packaging

Australian recycling is challenged by contaminants and our comparatively small local market for recycled input material. Ai Group has advocated at state and national levels for greater government support for creating sustainable markets for recovered materials to address this.

It is encouraging to see these challenges acknowledged earlier in the paper; however, the draft does not go far enough in exploring complementary measures to build national, sustainable markets for recovered materials, particularly plastic, which is arguably the most challenging stream. Without demand, the likelihood of success in plastic and packaging (along with many other streams) is greatly reduced.

Priority Actions

'Implement the phase-out of single-use and other plastic products in South Australia'.

The phase out of single-use and other plastic packaging may be a reasonable objective, but with regard to packaging, work in SA may duplicate work already being undertaken by APCO. SA should liaise with APCO on goals and methodology to avoid duplication and identify areas of opportunity. Using an existing and respected model also saves on government resources. Outside of packaging, phase outs of other single-use plastic items are worth considering, but community and industry consultation will be required.

There are genuine concerns that in some cases, the alternatives to single-use plastic items can be more harmful than the items themselves. For example, a Danish report found that you would need to reuse a paper bag 43 times for its per-use environmental impacts to be the same or less than that of a typical disposable plastic bag used once³. For this reason, SA should do some analysis around whole of environment impacts before deciding on the phase out of single-use plastic items. This would aid a balanced decision that considers land and water use, CO₂ emissions and other environmental considerations as they relate to single-use plastics and

³ Life cycle assessment of grocery carrier bags, Ministry of Environment and Food (Environmental Protection Agency), Denmark, 2018, p. 92-93



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alternatives. All decisions must consider the availability of sustainable alternatives and how to avoid profiteering or any other unintended consequences.

More state-based fragmented policy is not desirable, and SA should only act alone in the phase-out of single-use plastics if they are unable to lead the other states in working together to research the issue and make harmonised and appropriate national commitments.

'Advocate for packaging to be covered by a regulated extended producer responsibility scheme under the Product Stewardship Act 2011'

APCO (with close to 1400 members⁴) is already well established, having demonstrated great success in working towards and achieving ambitious objectives. Ai Group encourages SA to endorse, support and promote APCO, rather than trying to push for a new regulated extended producer responsibility scheme for packaging, which may undermine the existence, goodwill and achievements of APCO and its members.

The SA government could instead assist smaller market players who may not be otherwise caught by the APCO threshold to join through additional support, financial or otherwise. This would create a best practice environment within the state and an opportunity to lead by example.

Q5. How can you support, participate or work with us in implementing the final strategy?

Ai Group would be pleased to work closely with SA and leverage our network to help inform industry about the strategy and delve deeper into the discussion. We would be happy to facilitate discussions between businesses and the Government.

Q6 What actions or priorities should South Australia's waste strategy and future waste strategies include to respond to state and national emergencies, and global disruptions such as we have experienced with the bushfires and global COVID-19 pandemic?

Waste management should be included as part of disaster preparedness and planning, including natural disasters and other events which have the ability to disrupt normal waste services, such as the COVID-19 pandemic. In the early stages of the pandemic and associated restrictions Ai Group heard of some waste businesses in Australia struggling to attain PPE and basic products required for a sanitary environment such as soap, hand sanitizer and toilet paper. All states, including SA, should ensure that nation-wide plans are in place so that in the event of disruption or disaster, these businesses have access to an appropriate supply of PPE and other hygiene products needed to operate safely. SA should consult with industry to identify any areas of concern in the event of disaster or disruption.

Q15. Do you have any ideas or solutions for improving markets for recycled-content materials or the manufacture of these products? For example, in accessing finance, product standards and specifications, or in improving market acceptance?

Reduction of Greenhouse Gas Emissions

The value of reductions in greenhouse gas emissions could be an important driver of markets for recycled content. The waste sector has made great strides over the past decade to address its own direct emissions through the capture and combustion of methane from landfills and sewage systems. Future opportunities to contribute to the transition to net zero emissions

⁴ APCO, ['What We Do'](#)

across the economy will be different. Reuse, recycling and recovery of materials that are emissions-intensive to produce, and/or which sequester significant amounts of atmospheric carbon, is a critical element of net-zero pathways for some of our hardest to decarbonise activities. The relationship of waste-to-energy to emissions goals, potentially coupled with carbon capture and storage, also needs strong consideration; depending on how waste-to-energy is implemented, it could be anything from a significant emissions source to broadly neutral or even a substantial net sink.

Driving uptake of materials and products with lower lifecycle emissions is also something that is best addressed through a combination of State incentives and State leadership in the shaping of national standards and harmonised policies. It should be noted that lifecycle emissions are complex to calculate, extremely context-dependent and subject to change as technology, markets, policy and science evolve. If policy uses regulatory instruments, their settings need regular review. Price instruments can ideally approach dynamic efficiency, internalising the costs of embodied and end-use emissions, though design and trade issues can mean that price signals do not flow effectively in practice.

Network-based waste drop off centres

Community recycling centres are an excellent way to increase rates of recycling and should be optimised. Communities need to be well educated about what waste drop off options are available to them, and waste drop off and community recycling centres should capture as many streams as possible. This will reduce community confusion and frustration about having to attend multiple locations to dispose of problem wastes. The City of Launceston in Tasmania recently opened an innovative community recycle hub which provides a central location for members of the community to drop off mobile phones, batteries, printer cartridges, small e-waste items, digital cameras, plastic terracycle packaging like toothpaste tubes, unwanted medical x-rays, plastic bread tags, aluminium coffee pods, CDs & DVDs, eye glasses and more⁵. Projects like this are worthwhile, create value, reduce contamination, and should become the norm in major cities and regional centres.

Other Comments

Proposed targets for 2020-2025

Ai Group supports state-wide targets where they are designed to support commitment to the National Waste Policy Action Plan. Given the use of targets in the strategy, it would be useful to confirm that the remaining balance of any unrecycled materials in SA should be recovered for energy or other resources, consistent with the waste hierarchy, up to the overall resource recovery goal. In short, a plan for what is done with waste that falls outside of a recycling target is just as important as the target itself.

It is particularly encouraging to see that some detailed broader quantitative actions to achieve proposed targets have been included in the strategy. However, much will need to be done to achieve the target of zero avoidable waste to landfill by 2030.

⁵ The City of Launceston, [‘The Recycle Hub’](#) (2020)



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Imports

There is some concern that the increasing pressure on local manufacturers from new or expanding product stewardship schemes, growingly fragmented state-based targets, standards, expectations and rules, as well as the already costly nature of manufacturing in Australia may lead to businesses taking their operations off-shore or closing.

Of concern is the import of product that is not manufactured to the same standards or with the same oversight as their Australian competitors leading to market distortion. It is essential that businesses operate on a level playing field and that problematic product that has been successfully designed-out in Australia does not wind up in our materials recycling facilities due to the import process.

Ai Group thanks Green Industries SA for the opportunity to provide feedback on the draft strategy. Should you wish to discuss the matters raised in this submission, please contact our adviser Rachael Wilkinson on 0413 352 286 or at rachael.wilkinson@aigroup.com.au.

For a broader discussion about the SA context, please contact Stephen Myatt (Head- SA) on 0419 818 048 or at stephen.myatt@aigroup.com.au.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Peter Burn'.

Peter Burn, Head of Influence and Policy