



The Australian Industry Group
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February 12, 2020

National Waste and Recycling Taskforce
Department of the Environment and Energy
GPO Box 787
CANBERRA ACT 2601

By email: coagwasteexportban@environment.gov.au

Dear Sir/Madam

Consultation Regulation Impact Statement – Phasing out certain waste exports

The Australian Industry Group (Ai Group) has previously made a [submission](#) to the National Waste and Recycling Taskforce (the Taskforce) covering market challenges, costs, regulation, standards and the ban timelines. However, we welcome the opportunity to make another short submission regarding the Consultation Regulation Impact Statement (RIS).

Ai Group is a peak employer organisation representing traditional, innovative and emerging industry sectors. We are a truly national organisation which has been supporting businesses across Australia for more than 140 years. Together with partner organisations we represent the interests of more than 60,000 businesses employing more than 1 million staff. Our members are small and large businesses in sectors including manufacturing, construction, engineering, transport & logistics, labour hire, mining services, the defence industry, civil airlines and ICT. Due to our broad membership, we represent businesses with interests across the supply chain, operating in all states of Australia.

The current RIS process is not ideal. Central policy decisions have already been taken and limited further detail of the overall policy suite is available for stakeholders to react to. Nonetheless the RIS raises important issues and we recognise the importance of building a successful circular economy globally and within Australia. The prospects for that goal will depend at least as much on complementary efforts to develop financially sustainable markets for recovered materials as on the timing and implementation of the export bans themselves.

Consultation Questions and Options

Option 1 – Status quo, with consumer education and work on standards

Ai Group notes that Option 1 has already been ruled out by the decisions of COAG First Ministers and the Meeting of Environment Ministers. As such, we have elected not to provide comment on Option 1.

Question 5 - Do you agree with the policy objective as outlined?

Ai Group broadly agrees with the policy objectives as outlined but notes that they could be improved by the addition of an economic dimension. Ai Group suggests that both current policy objectives are updated to reflect that economic benefits from better handling of waste, while hard to achieve, are worth striving for.

Options 2(a) and 2(b) – Prohibit or restrict exports of waste plastic, paper, tyres and glass

A prohibition on export of materials collected as ‘waste’ needs to be nuanced, rather than a blanket ban, because there are many complexities across waste streams to consider. As discussed by Ai Group and other stakeholders during the consultations, the definition of ‘waste’ needs to be carefully considered by the Taskforce to avoid closing the door on genuine and viable overseas export markets for materials collected in Australia.

Question 16 - Are there any other benefits or costs or unintended consequences associated with Options 2(a) or 2(b)?

As stated in our last submission, simply applying a waste export ban does not resolve the lack of markets for recycled products in Australia, just as the import bans already imposed by major destination countries have not led to expanded Australian waste and resource management options.

There are currently substantial challenges associated with recycling contaminants and a comparatively small market for recycled input material in Australia.

Option 2(a) is likely to be unsuccessful and if employed we would expect to see a failure to meet policy objectives and increased landfill of recyclable waste, including products which may otherwise have been sorted and utilised for genuine commodity export.

Option 2(b) in the context of a nuanced prohibition is the preferred option as it gives business and the community support to meet the policy objectives outlined.

Question 17 - Under a prohibition or restriction on waste exports, how should the ban be designed to achieve the policy objectives while minimising costs and adverse impacts?

The design of the ban is important, but Ai Group contends that the design of complementary measures to build sustainable markets for recovered materials will be more important than the ban design itself in terms of the likelihood of its success in meeting objectives and avoiding adverse impacts.

Question 18 - Under a prohibition or restriction on waste exports, do you consider there are waste materials that should continue to be eligible for export? Please provide details.

In many cases, export provides an end market for value added product that is surplus to domestic demand. This prevents material being stockpiled or sent to landfill (in absence of available waste-to-energy options in most states).

Ai Group notes that although it was initially stated that ‘value-added’ materials would continue to be eligible for export, what is defined as ‘value added’ has been contentious during consultation.

“Clean plastics sorted to a single resin type and processed ready for further use (e.g. flakes and pellets)¹” was used to demonstrate ‘value added’ in an earlier Taskforce discussion paper. This definition would appear to exclude clean plastics which have not been processed into flakes, pellets or similar. However, during one consultation, Ai Group heard that flakes and pellets may be less marketable because their provenance is harder to verify (riskier when used as inputs).

There are examples like this across waste types and it is likely to be exceptionally complex for the Taskforce to establish sound definitions for all material types (which in some cases would need to be made at a polymer level). The Taskforce should instead consider that at minimum, material which meets international benchmarks (less than one per cent contamination) and which does not presently have a valuable domestic application, should be deemed appropriate

¹ Banning exports of waste plastic, paper, glass and tyres: Discussion paper on implementing the August 2019 decision of the Council of Australian Governments, November 2019



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for export without further onerous and prescriptive rules about additional treatments (pulping, flakes/pallets etc.). Adding complexity to the export of clean, sorted materials such as plastic or paper will add cost and complication to handling these materials without aiding the policy objectives provided, and in some cases may actually undermine them.

The Taskforce should listen to industry and avoid making unworkable definitions that mislabel commodities with strong overseas markets (particularly where local markets are weak or non-existent).

Question 19 - What sort of penalties should apply to businesses that fail to comply with an export prohibition or restriction?

State Governments must be prepared to implement an effective and well-resourced enforcement scheme to ensure a level playing field and discourage any market participants that exploit or fail to comply with the new market conditions.

Question 22 - What impacts will Options 2(a) or 2(b) have for relevant markets, including impacts on prices and competition?

Due to the limited markets in Australia, it is clear that in the near term there could be monopolies in at least some segments of the market, which is a negative outcome for the community. The Taskforce will need to ensure that they are not distorting the market and limiting competition when structuring the ban.

We note that although the need to stimulate markets (without creating market distortion) has been acknowledged, governments have yet to provide clarity around what that will look like.

Question 23 - Do you consider there is existing Australian markets and infrastructure have capacity to respond to a prohibition or restriction on waste exports? If not, please provide details.

Ai Group does not consider that Australian markets or infrastructure are currently sufficient to respond to a prohibition or restriction on waste exports, however we view the market gap as the more significant factor. If viable domestic markets are nurtured, with an appropriate lead time we would expect the infrastructure gap to be filled.

When governments support future expansion of sorting infrastructure and development capacity for recycled products, they must be careful not to inadvertently create conditions that undermine competitive markets.

Question 24 and 25: Do you believe that the combination of costs and benefits under Option 2(a) or under Option 2(b) are superior to other options?

As discussed, Ai Group has not reviewed Option 1.

Of Options 2(a) and 2(b) Ai Group would view a nuanced prohibition on waste export, accompanied by extensive and effective support measures to build sustainable markets for recovered materials, as the superior option.

Banning or restricting export of waste will not of itself create the domestic markets and requisite infrastructure required to absorb onshore the large volumes of waste previously exported. Sustainable markets for recovered materials will require effective public policy to be closely coordinated with industry through consultation and partnership. Where appropriate, definitions will need to be reviewed to ensure Australia does not close the door on export markets for high value recycled commodities.



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Industry will need support through effective and harmonised technical standards that allow for the use of recyclable material, material design standards, changes to government procurement policies, a consistent approach to data collection and transitional industry assistance.

Should you wish to discuss the matters raised in this submission, please contact our adviser Rachael Wilkinson on 03 9867 0225 or rachael.wilkinson@aigroup.com.au.

Sincerely yours,

Peter Burn, Head of Influence and Policy