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To whom it may concern,

The Australian Council of Recycling (ACOR) is pleased to be able to comment on the South Australia's Reforming Waste Management Discussion Paper.

ACOR is the peak national representative for the resource recovery industry. Membership is by invitation only, and we represent principally the large or emergent organisations in the resource recovery sector with over 35 companies and some local governments with public sector assets in resource recovery across Australia.

The resource recovery sector is economically significant to South Australia. It generates around \$1 billion of the annual turnover, contributes directly and indirectly over half a billion dollars to Gross State Product, and provides 4,800 jobs¹. South Australia is one of the world's well-known sustainable cities, with the highest overall resource recovery rate-77.4%² across Australia. ACOR was greatly concerned that the closure of Zero Waste SA and the withdrawal of investment of funds generated by the waste levy would create uncertainties for the industry and reduce investment in the State. It is estimated that around \$66 million of funds generated from the waste levy are currently held in the State's treasury. Reinvesting the waste levy funds back to resource recovery and education is seen as effective and essential to further improve South Australian resource recovery rate, local reprocessing, and employment creation in remanufacturing and low cost kerbside recycling.

ACOR comments on some of the questions posed in the discussion paper are discussed below:

¹ Review of South Australia's Waste Strategy 2011- 15

² South Australia's Recycling Activity Survey 2012-13 Financial Year Report

1. Mass balance reporting

ACOR welcomes the introduction of mass balance reporting as the effects are to reduce illegitimate operators and improve the reliability of data in relation to waste facilities to identify waste trends, stockpiling and areas of market failure.

Mass balance reporting should include all scheduled waste facilities in both metropolitan and 5 regional areas: Eyre & Western SA, Far North SA, Limestone Coast SA, Murray Mallee SA and Yorke Mid North SA. The criteria of for mass balance reporting should be consistent with NSW, requires facilities that do not need to pay the waste levy to provide an annual report that details the amount and type of waste that has been received and disposed of.

ACOR suggests that the government financially supports the installation of weighbridges through the large pool of unexpended levy funds. Considering the very low margins in the industry additional costs in terms of administration and installation of new weighbridge may incur to licensees, financial assistance warranted.

2. Upfront levy liability

ACOR supports the proposed upfront levy liability that discourages stockpiling and encourages more waste diverted from landfill. ACOR suggests that the implementation of upfront levy liability should be applied across South Australia. Considering the amount of waste handling (i.e. nearly 75% of licensed sites handling 5,000 tonnes of waste or less each year, in which 50% of licensed sites handles less than 1,000 tonnes), the authorised amount (i.e. 10,000 tonne per year) in NSW may be too high for the state.

In addition, the levy thresholds between metropolitan and regional areas should be varied given the waste facilities profile between metropolitan area, where accounts for 75% of resource recovery and 80% of waste to landfill in total across South Australia. The determination of thresholds should be based on the average tonnage of waste received at waste facilities in metropolitan and regional areas.

Meanwhile, exemption should be given to shredder floc for metal recyclers considering current technology is not yet available to recycle or recover floc. The levy liability will no doubt impose a high proportional of business costs to metal recyclers and have the perverse outcome of undermining both the volumes of metals recovered in state and employment in the sector.

3. Changes to the waste levy

ACOR supports a differential risk-based waste levy system where problematic wastes (e.g. asbestos and shredder floc) that cannot be recycled/recovered are subject to a comparative low waste levy to encourage appropriate and safe disposal, while materials with high recycling/recovery potential should be subject to higher levy.

The current waste levy for solid waste disposal (i.e. \$57 per tonne) is not reflective to the full social and environmental costs of landfill. ACOR would like the Government to consider an increase of waste levy that will maximise the economic, social and environmental benefits to SA. Early this year, ACOR engaged Deloitte Access Economics to provide a report to investigate the economic effort of solid waste levy in SA (see attached). The report shows that a higher waste levy will:

- inject hundreds of millions of dollars into the SA economy;
- drive better environmental outcomes;
- create 600 new direct jobs;
- facilitate investment in recycling and resource recovery facilities; and
- support additional employment in the construction, servicing and maintenance of those new facilities.

To determine an ‘optimal’ waste levy, the Government needs to consider three elements: i) operating practice, ii) differentiated waste streams, and iii) levy administration. Ideally, the waste levy should be flexible depending on the level of externalities (i.e. environmental risks and human health). The full costs of landfill vary across sites depending on the management and administrative practices of landfill operators. In addition, different waste streams- MSW, C&I and C&D, have different level of external costs. For instance, putrescible waste (biodegradable materials) generates higher GHG emissions, emits odours and presents other environmental and health risks, while inert materials, such as building materials, plastics, glass etc. have lower negative externalities.

ACOR admits that differentiated risk-based waste levy will impose administrative costs and create confusion and complexity for waste generators and operators. It may result in waste collectors to misrepresent waste types or mix waste types to pay the lower levy rate. However, these deficiencies can be overcome through the use of other Government mechanisms, such as environmental regulation and compliance and allocation of levy funds to strict enforcement.

4. Proximity principle

ACOR supports the introduction of proximity principle as it better manages problematic wastes that can be of high risk to the environment and human health if disposed or transported inappropriately.

ACOR represents members who have invested significantly in alternative fuel and secondary material recovery in South Australia. One of the major challenges operating in South Australia is competing for feedstock with less capital intensive methods of waste management, such as direct shipping overseas, landfilling or transporting waste to other states. The introduction of proximity principle should ensure that most of the waste generated in South Australia can be recycled/recovered locally, creating value by transforming the wastes into resources which protects not only local resource

recovery infrastructure but also provides the industry with certainty to further invest in South Australia.

In addition, having the implementation of proximity principle also allows the Government to better manage transportation of waste and improve stockpile controls.

5. Market for food waste

ACOR supports the implementation of mandatory commercial food recycling. Food waste has been increasingly become a major issue in waste management in South Australia, given it is the largest component of commercial waste stream which accounts for 26% of the total waste by weight.

ACOR represents members who recycle/recover food waste, however, due to the lack of government support in the market development of food waste recycling/recovery in South Australia, i.e. incentives only provided for small scale commercial food waste recycling, a considerably large amount of the food waste is still disposed to landfill. Considering there is a large potential market for food waste recycling/recovery in South Australia (e.g. new anaerobic digestion investment) mandating commercial food waste will reduce Adelaide's carbon footprint and provide a signal to industry to invest and directly create employment through the resource recovery industry.

In general, ACOR welcomes the propositions outlined in South Australia's Reforming Waste Management Discussion Paper.

It believes that the proposed reform will not only provide SA significant economic benefits but also enhance SA's competitiveness and build on past efforts to develop a sustainable resource based economy. ACOR stands ready to further assist the Government in the reform process.

Yours sincerely,



Grant Musgrove

Chief Executive Officer