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Green Industries SA Consultation
Zero Waste South Australia
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To Whom It May Concern,

The Australian Council of Recycling (ACOR) welcomes the opportunity to comment on the Establishment of Green Industries SA (GISA) Consultation Paper.

ACOR is the peak national representative for the resource recovery industry. We represent over 35 key recycling companies in the supply and value chain of recycling and resource recovery across Australia.

The resource recovery sector is a significant part of the South Australian State economy. It generates around \$1 billion of the annual turnover, contributes directly and indirectly over \$500 million to Gross State Product, and provides 4,800 jobs¹.

The proposed scope for GISA is too broad and the funding is insufficient to have significant economic benefits, placing at risk the current and potential contribution of the resource recovery sector to the state's economy.

Since the establishment of ZWSA, the organisation has invested over \$80 million in waste management and resource recovery projects². An analysis of ZWSA's Industry Program shows the net benefit of a representative range of projects in the waste management and resource recovery sector is around \$7.8 million at a Benefit Cost Ratio of 6.7 with every dollar invested by the Government has \$6.7 return in direct cost savings. Other countries, such as China, Europe and the United Kingdom have seen the economic, social and environmental advantages of the sector and are investing significantly in improving resource efficiency, productivity and competitiveness of their manufacturing industries. Globally, economic policy is being reset to take advantage of circular economy business opportunities. South Australia is well positioned to take the lead nationally if adequate funding is allocated. Other states are moving to increase funding to industrial ecology networks and related initiatives as part of sustainable economic development strategies with positive net effects on

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

² Zero Waste SA Annual Report 2013- 14

state revenue and employment despite fiscal constraints. Peripheral elements such as education services and chemical collections could be done by, or in partnership with the EPA or local government.

The composition of the Board needs to be a mix of stakeholder representatives with the capacity to co-opt members from time to time. Backgrounds in economics, science, engineering, technology transfer and public policy and industry development are generally useful.

Mechanisms that might build partnerships and collaborative arrangements beyond traditional grant funding models include venture competitive capital funding for industry, with funding tied to the objectives desired. For example employment creation, investment leveraged, diversion from landfill, product stewardship, resource recovery. This has been used as a model of economic development strategies with great success in other jurisdictions. Additional funding could of course be sourced from an increase in the landfill levy and/or the proportion of the levy allocated to GISA. This funding is required to attract new investment in direct competition with other states. For example NSW is the preferred destination at present due to their strong support for the industry with 25% of landfill levy reinvested in direct funding. Most other jurisdictions are also making bold initiatives creating further competition for investment and employment, with resource recovery recycling generating eight times more employment than landfill and one of the most employment intensive of all industry sectors.

Returns on investment in the industry are generally very low and new investment in South Australia is highly unlikely without government support. To increase exports, quality recovered resources always find a market. Source segregation, de-manufacturing and re-manufacturing are therefore critical if this is the objective. This also aligns with existing strengths and capacity of the state. A market development prioritisation methodology is required. More specifically the value chain should be split into two components. Firstly the supply and remanufacturing of “waste material and secondly the production and demand for recycled product.

ACOR recommends GISA builds on existing strengths in resource recovery and manufacturing developed over many decades utilising an increase in the elegantly effective landfill levy as the source of funding.

ACOR stands ready to assist the Government in further refining the role of GISA.

Yours sincerely



Grant Musgrove

Chief Executive Officer