SUBMISSION
ON

"TASMANIA'S WASTE AND RESOURCE RECOVERY BILL 2021"

Introduction

Australian Council of Recycling (ACOR) is the peak body for the recycling sector with over 30 member companies operating across the spectrum of recycling activities of:

- recyclate collection, sorting, reprocessing and recycled content product manufacturing;

- recycling supply chains in the municipal, commercial & industrial, and construction and demolition spheres; and

- recyclate streams from domestic kerbside materials to e-waste materials.

ACOR's members include leading organisations in Materials Recovery Facility (MRF) operations, recovered glass and paper reprocessing, and recycled content packaging manufacturing.

Key Feedback

With regard to the Bill, ACOR supports:

a) the introduction of a waste disposal levy to bring Tasmania into line with other Australian states (noting it will be a phased introduction over a number of years);
b) the establishment of the Tasmanian Waste and Resource Recovery Board;
c) an emphasis on industry development and jobs growth, as well as environmental gains, via enhanced resource recovery and circular economy-related activity, including supportive government procurement policies.

ACOR recommends that in introducing the levy the following design features are included:

d) reinvestment of funds collected from the new waste disposal levy collected by the Tasmanian Environment Protection Authority (EPA) into resource recovery activities; and
e) concessional treatment or exemption under the waste disposal levy of legitimate residuals from recycling operations – with appropriate controls.

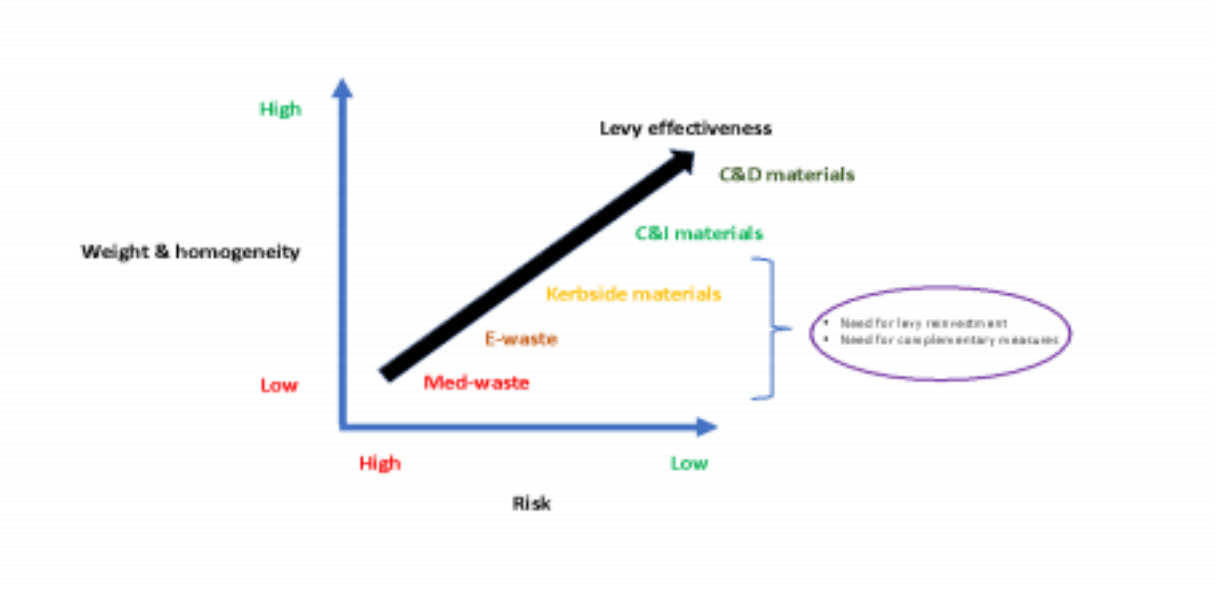
Policy Principles

1. Operation of Levy

As an organisation focussed on recycling and resource recovery, ACOR supports the introduction and use of a waste disposal levy in all Australian jurisdictions, including Tasmania, provided they do not apply to legitimate residues from recycling operations that cannot be recycled based on current best practices.

Waste disposal levies recognise the environmental and social costs of disposal of waste to landfill and thereby redress market failure created by historically under-costed disposal. Generally, waste disposal levies incentivise resource recovery activity over waste disposal activity.

However, a waste disposal levy is a "blunt" policy instrument which is weight based, and therefore, achieves the best results for heavier and more homogeneous materials and less optimal results for lighter, more heterogeneous material and more complex products.



Of note, is that waste levies are only partially effective in supporting kerbside recycling activities as those activities remain relatively costly. This is due to the generally commingled material stream that characterises kerbside recycling, the comparatively higher rates of contamination in collected kerbside material, and the need for considerable capital and infrastructure investment to manage the complexities, such as sorting and beneficiation.

In these respects, the Centre for International Economics (CIE), in its 2011 review of the NSW waste disposal levy on behalf of the NSW Government, pointed out:

"The levy can have complicated and potentially unintended impacts on recyclers. On the one hand, recyclers may be able to obtain input materials at lower prices because the alternative of disposing of these to landfill is now costlier. On the other hand, recyclers themselves dispose of substantial amounts of material to landfill in the form of residual waste for which they have to pay the levy."

Therefore, ACOR believes that, in order to be optimally effective, a waste disposal levy should be designed according to the following principles:

- As part of an integrated resource recovery strategy aligned with the waste hierarchy framework, infrastructure planning, and circular economy goals;
- In concert with other measures, such as Extended Producer Responsibility policy and schemes, which generally better support increased resource recovery of more heterogeneous material and/or more complex products;
- A levy rate that sees a broad spectrum of resource recovery activities sustained and expanded;
- A levy rate that truly internalises social and environmental costs of landfill disposal and is generally commensurate and harmonised with other jurisdictions to preclude inter jurisdictional distortions;
- Comprehensive geographical coverage within a jurisdiction to preclude intra-jurisdictional

distortions;
- Within a comprehensive regulatory framework, including proper licensing of waste disposal and resource recovery facilities of **all** volume levels, and the enforcement of license provisions, including adequate resourcing, strong training and inter-agency collaboration; and
- Re-investment of 100% of funds raised from the levy back into resource recovery activities based on optimising results.

2. Reinvestment of Levy

Key levy reinvestments should be focussed on resource recovery efficiency and effectiveness and therefore follow the following tiers of priority:

Tier A: implementation of the levy scheme including:

1) support for a dedicated agency/wing of government aimed at facilitating resource recovery outcomes along the lines of Sustainability Victoria or Green Industries South Australia - in this regard we welcome the establishment of the proposed Tasmanian Waste and Resource Recovery Board;
2) licensing and regulatory enforcement activity in the resource recovery sector, and
3) support for voluntary accreditation efforts in the resource recovery sector.

Tier B: reducing resource recovery system costs, including:

1) education initiatives to reduce recyclate contamination;
2) standardisation of recyclate collection arrangements, including limitations on collected materials scope and greater source segregation, including for materials such as glass;
3) provision of standardised contractual models for Councils that recognise value, and
4) development of collection networks for lighter, more heterogeneous and more complex materials, such as e-waste, batteries, and soft plastics, including in concert with CDS systems such as the proposal Tasmania recently announced and infrastructure where they exist.

Tier C: supporting market development for resource recovery activity, including:

1) development of recyclate markets through support for capital equipment and product/technology commercialisation, and
2) development of pro-active and positive procurement policies and practices by governments to source recycled content products.

Any exemptions or concessions should occur where there is a sound case in favour of improved resource recovery results and where there are systems in place to ensure operator performance.

Voluntary accreditation of waste disposal and resource recovery activities, and related operations, is desirable and the introduction of a waste disposal levy is a good opportunity to foster their further development. Accreditation is a key tool to drive complementary industry improvements and activities that are in part incentivised by the waste disposal levy.

Legitimate Residuals Concession: ACOR's Model

3. Exemptions

ACOR advocates that there is a sound case for fully exempting disposed materials that are legitimate residuals from recyclate material sorting companies who become licensed and accredited and recyclate material reprocessing and remanufacturing.

Residuals are typically the result of contamination in input feedstock received by companies operating a Materials Recovery Facility (MRF) or similar positive sorting facility with multiple materials such as e-waste sorter (or charitable recycling centre) or by reprocessing or remanufacturing companies (e.g., pulp and paper mill, glass manufacturer, metal re-processor, or plastics manufacturer).

In reality, in Tasmania under current contractual conditions, most MRF companies have no capacity to influence the quality of the input materials at their facilities. Some of the following materials are often found in kerbside recycling collection loads and then deposited at MRFs as contaminants that need to be extracted and separated from worthwhile material:

- car batteries
- handheld batteries (which are increasing in consumption by 300% per year)
- bricks and concrete, ceramics, tiles and pottery
- e-waste (which is rapidly increasing in line with consumer trends and further digitisation)
- food or kitchen scraps
- pharmacy or clinical waste (which are increasing with an older demographic)
- textiles and rags (which are increasing with the consumer trend known as 'fast fashion')
- soft plastics (which are increasing with the diversification of packaging applications)
- plastic bags
- dead animals, and
- many other types.

Some of these items also cause occupational health and safety concerns at MRFs that must be actively managed.

As a result, at the target rate of $60 per tonne phased in over time, the application of the waste disposal levy on residuals from MRFs and related facilities in Tasmania could cost operators many millions per year if fully applied (which inherently decreases their competitiveness).

There is no short-term opportunity to renegotiate contracts with local government customers to easily address the impacts generated by kerbside-generated contamination. Nor is there any currently available or affordable alternative to landfill disposal for this residual material, e.g. AWT, EfW, or export.

The application of the waste disposal levy to some MRF residuals would therefore be a direct cost to these companies and thereby a disincentive for recycling activity, which is the exact opposite of the purpose of the levy. Such a direct cost would be experienced at a time when commodity prices paid for outputs from MRFs are subject to competitive pressures.

Moreover, even where contamination costs could conceptually be "passed on" to Councils in different contracts and gate fees, this would likely become a cost increase for Councils that they in turn could have to "pass on" to ratepayers. Passing costs on to ratepayers is not in line with government objectives to avoid householder impacts.

In terms of remanufacturing or reprocessing, the CIE found that the NSW waste disposal levy can have an impact on the profitability of metal and pulp and paper manufacturers (who were within the scope of their study). A variable modelled at that time was the income-generating export of residual mixed paper from local mills.

This perverse impact of waste disposal levies has been or continues to be recognised in several ways

in several jurisdictions and mitigated against, including but not limited to:

- Exemptions / concessions for recycling residual waste under the Queensland waste disposal levy,

And,

- Concessional rates for shredder floc from metal recyclers in NSW and South Australia.

ACOR would recommend adopting similar approaches to ensure there are not perverse disincentives that discourage the development of a viable circular economy in the State.

We would be pleased to arrange a follow up discussion with ACOR members to expand upon these key points in the submission.

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End.