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Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600
(e) ec.sen@aph.gov.au

AFPA SUBMISSION TO THE ENVIRONMENT AND COMMUNICATIONS LEGISLATION INQUIRY INTO RECYCLING AND WASTE REDUCTION BILLS 2020

Executive Summary

The Australian Forest Products Association (AFPA) welcomes the opportunity to provide a submission to the Environment and Communications Legislation Committee Inquiry into the Recycling and Waste Bills 2020. AFPA recognises that the reforms associated with this Bill are a key step in driving long-term change in Australia's waste and recycling sector as Australia moves towards implementing a circular economy.

Australia's recovery and recycling of paper and paperboard has increased dramatically over the last fifteen years. This has been made possible due to increased recovery rates from both kerbside collections and from commercial and industrial sources, and because of significant investments in paper recycling capacity by the sector.

As published in AFPA's 2018 National Pulp and Paper Sustainability Report¹, Australia's implied recycling rate for all paper and paperboard in 2017-18 was almost 70%, with this figure including both wastepaper exports to be recycled and locally recycled material. During this period, approximately 1.7 million tonnes of recovered paper was locally utilised, and approximately 1.3 million tonnes of recovered paper was exported to overseas recycling facilities.

AFPA welcomes the move by the Federal Government towards implementing circular economy principles, and the waste export ban in conjunction with the Federal Government's \$190 million Recycling Modernisation Fund and other associated policy measures will see more waste paper and paperboard materials recycled in Australia.

It is important to note however, that unlike many of the other waste materials that are the focus of the waste export ban, wood fibre that is sourced in Australia and used in paper and paperboard products is a renewable resource.

Trees are a sustainable biological resource that produce renewable wood and paper products, including emerging new and innovative products such as biomaterials, biochemicals and bioenergy. They also provide multiple benefits, including the carbon stored over time in the

¹ www.ausfpa.com.au

growing forests, renewable wood products, economic activity, jobs, and environmental benefits.

Paper products manufactured from this renewable resource is made up of long fibres, so every time it is recycled, those wood fibres will be shortened and make it more difficult to be recycled the next time, so it is important that renewable virgin wood fibre is continually added to the pool of waste paper in Australia to ensure that the resource is continually able to be utilised. Due to this, any product stewardship scheme encouraged by the Federal Government as part of this Bill should recognise the importance of recycled paper, but not discourage the use of virgin wood fibre given its importance to the future recyclability of waste paper and that it is renewable in its own right.

AFPA looks forward to working with the Government on the implementation of this legislation once passed.

The Recycling and Waste Reduction Bill 2020

AFPA recognises that the reforms associated with this Bill are a key step in driving long-term change in Australia's waste and recycling sector as Australia moves towards a circular economy.

As this Bill proposes additional cost and regulation to industry, certainty needs to be provided by the Federal Government that the impacts of undertaking these regulatory requirements will be minimal where possible, both in relation to cost, time required and administration burden by the companies affected.

The licensing and declaration scheme that has been proposed in this Bill needs to be managed on a cost recovery basis, and AFPA is supportive of the Cost Recovery Implementation Statement process that is also proposed as part of this legislation, and the review framework that is required within this process. It is important that these regulatory requirements do not become unnecessarily burdensome and make the export of materials that are sanctioned under the proposed regulations unnecessarily uncompetitive in the global marketplace.

It is understood that the costs associated with the licensing and declaration scheme associated with this proposed legislation have not yet been determined, and AFPA supports that the Federal Government undertake rigorous consultation with industry when setting associated duties, customs, or other charges.

The management of the licensing and declaration scheme needs to be efficient and predictable so that businesses are able to be confident in their capacity to apply for a license or a variation to the license, so that this does not cause unnecessary delays to business operations.

Additionally, AFPA recommends that educational and guidance materials are developed for each waste class under the waste export ban so that when these regulations are implemented, the requirements are easily understood.

The Paper Rule

It is understood that the Recycling and Waste Reduction Bill 2020 is framework legislation, and the specifics regarding the management of mixed and unsorted paper and cardboard exports under this legislation, once passed, will be managed through the “Paper Rule” regulations.

AFPA supports the ability for industry to export waste paper and paperboard products that are reprocessed to an acceptable standard, and that will be utilised efficiently in the country to which the material is exported.

Furthermore, AFPA is supportive of the amended timeline, where the waste export ban for mixed and unsorted paper and cardboard products will now take place from July 2024. This implementation date will mean systems can be put in place to ensure more products can be recycled locally, increasing local investment and enhancing the circular economy.

AFPA requests that consultation is undertaken closely with the forest industry when the “Paper Rule” regulations are developed in order to ensure that these regulations are manageable for industry at the same time as fulfilling government objectives relating to the waste export ban.

Product Stewardship

Australia’s pulp and paper industries participate in a range of voluntary certification schemes, including sustainable forest certification, chain of custody certification, certification of origin, as well as certification of stewardship of waste paper and cardboard materials. As good corporate citizens, Australia’s pulp and paper industry has the necessary frameworks in place to manage a range of certifications.

AFPA understands the impact of product stewardship certification schemes and benefits directly from these schemes when paper and cardboard waste is more easily re-manufactured (particularly imported paper and cardboard products that are not easily recyclable), highlighting the key role Australia’s pulp and paper industry plays in the circular economy.

As detailed previously it is important that renewable virgin wood fibre is continually added to the pool of waste paper in Australia to ensure that the resource is continually able to be utilised. Due to this, any product stewardship scheme encouraged by the Federal Government as part of this bill should recognise the importance of recycled paper, but not discourage the use of virgin wood fibre in paper and cardboard products given the key role virgin fibre plays in the future recyclability of Australia’s waste paper resource.

Product Stewardship and waste tax implications on rates of recycling

Australia imposes a tax on landfill waste. The funds generated are used to minimise waste by, for example, capitalising on-shore recycling. Waste taxes are also used to enhance source-separation of recyclables, discourage littering and foster product stewardship.

A reality of almost all recycling is that some waste is generated because few of the materials commonly collected for recycling are clean and homogeneous. In the case of some nominally recyclable items, (eg metals in white wear) the level of contaminants and the cost of disposing of those contaminants exceeds the value of the materials recovered. In such situations the whole item is often landfilled. Recycling including for energy will involve some landfilling and therefore a landfill cost for the foreseeable future.

Recycled paper includes some contaminants but has the advantage that the separation of most contaminants is comparatively easy. That said, recycling mixed waste paper incurs a higher cost of disposing of the contaminants than old corrugated containers. The waste arising from paper recycling includes plastics, small metal components and the fillers applied to high gloss papers. Some contaminants can and will be designed out over time. Others will be more problematic and need to be allowed for as an ongoing cost of recycling.

Achieving the environmental objectives of the Bill requires provision to be made such that recyclers are exempted or rebated the cost of landfilling the wastes arising from recycling.

Recommendations:

- Ensure that those sections of the Bill pertaining to product stewardship emphasis the value of ‘designing out’ waste, for example by encouraging the use of the same or compatible materials in all parts of an item or package. An example of good Product Stewardship in relation to paper packaging, is where moulded paper ‘packers’ are used in place of expanded polystyrene in the packaging and transport of electronic goods.
- In addition to discouraging the mixing of incompatible materials, the Product Stewardship sections of the Bill could mandate source-separated collections. The responsibility and cost of separating incompatible materials ‘at source’ will serve to incentivise consumers to show a preference for which goods and packaging can be recycled whole.
- Ensure that the costs of waste disposal arising from the Bill not discourage long-established recycling including of paper. Taxes and levies applied to waste and justified on the basis of waste minimisation should not be applied to legitimate recycling or if applied should be rebated.

International Trade

Australia is a founding member of APEC (Asia-Pacific Economic Cooperation). As such Australia’s trade policy has been structured around the principle of ‘non-discrimination’. Specifically, Australian applies regulation in a manner that does not discriminate between or among economic entities in like circumstances, whether these are foreign or domestic.

New Zealand has enjoyed close economic relations with Australia for many decades. Much of Australia's and NZ goods and services sectors operating as one market. Australian and New Zealand have a system of common ISO-complaint standards rules and a common aspiration and approach on matters related to protection of the environment.

The environmental pressures Australia is confronting through the development and adoption of the Bill equally impact New Zealand. The loss of international markets for exported mixed paper waste has affected both Australia and New Zealand. The need to encourage investment in domestic recycling is a high priority for both countries.

Unilateral action by Australian under the auspices of the Bill risks exacerbating the environmental and economic problems faced by recyclers in New Zealand. A potential consequence of the Bill is reduced recycling and increased landfilling of waste in New Zealand.

Recommendations:

- That the Bill be amended to state that the regulatory measures developed from it would not be contrary to the purposes of the Australia-New Zealand Closer Economic Relations Trade Agreement.
- National Federation Reform Council (NFRC) Environment Ministers are encouraged to support a bi-lateral approach to recycling and waste by recommending to NZ the adoption of complementary legislation to the Bill and greater recycling in NZ of recyclables generated in NZ.

AFPA looks forward to ongoing consultation on the implementation of this legislation, as well as the subordinate legislative instruments and regulations relating to this legislation.

Any further queries on this submission please contact AFPA on (02) 6285 3833.

AFPA is the peak national industry body representing the Australian forest, wood and paper products industry's interests to governments, the general public and other stakeholders on matters relating to the sustainable development and use of Australia's forests and associated manufacturing and marketing of wood and paper products in Australia.

Our renewable forest products industry is Australia's 6th largest manufacturing industry with an annual turnover of \$24 billion. It contributes around 0.6% to Australia's gross domestic product and 6.7% of manufacturing output.