



26 November 2019

Committee Secretary
Senate Environment and Communications Legislation Committee
PO Box 6021
Parliament House
Canberra ACT 2600

Dear Committee Secretary,

Re Submission to the Senate Environment and Communications Legislation Committee inquiry into the Product Stewardship Amendment (Packaging and Plastics) Bill 2019:

Thank you for providing an opportunity for the Australian Local Government Association (ALGA) to make a submission to the Senate Environment and Communications Legislation Committee Inquiry into the Product Stewardship Amendment (Packaging and Plastics) Bill 2019 (the Bill).

Local Government plays a critical role in our waste and resource recovery system and as such should be considered a key stakeholder for this inquiry. ALGA is the national voice of Local Government in Australia, representing 537 councils across the country. In structure, ALGA is a federation of state and territory local government associations. ALGA was established in 1947 and throughout its history has been closely involved in issues of national significance affecting the Local Government sector as a whole.

China's 2017 decision to restrict the importation of certain categories of waste products, and the subsequent announcements of restrictions by other overseas importers of our waste, has highlighted the limits of the Australian domestic recycling system. However, before the impact of export restrictions, local governments were already facing significant waste and recycling challenges from growth in waste generation.

Plastic packaging recovery in Australia is low. The *National Waste Report 2018* shows that only 12 per cent of Australia's plastics are recycled. Any significant improvements in Australia's recovery of plastic material will require plastic and plastic packaging to be redesigned so that it is easily and inexpensively recycled nationally. Greater capacity and capabilities in the waste recovery infrastructure are also needed, as are recycling standards and markets for products with recycled content. Local Government has welcomed the Australian Government's commitment to establish a \$100 million Australian Recycling Investment Fund to support the manufacturing of lower emissions and energy-efficient recycled content products, such as recycled content plastics and paper/pulp. ALGA looks forward to further detail and a timely roll out of this fund.

Growing community expectations for recycling, particularly with the awareness of the impact of marine plastic debris, mean there is strong momentum for change.

ALGA has contributed to the development of the *National Waste Policy 2018*, and more recently to the *Action Plan* that aims to implement the Policy. ALGA has a seat at the Meeting of Environmental Ministers, which this month endorsed the *Action Plan*. ALGA also has a seat at COAG where, in August, it supported the COAG agreement to develop a time-table for banning the export of waste plastic, paper, glass and tyres.

At the 27 April 2018 meeting of Commonwealth and State and Territory Environment Ministers, the Ministers and ALGA endorsed a target of 100 percent of Australian packaging being recyclable, compostable or reusable by 2025 or earlier.

Governments agreed to work with the Australian Packaging Covenant Organisation (APCO) to deliver this target under a voluntary scheme. APCO subsequently nominated the additional targets that the Bill being considered here seeks to mandate (by 2025: achieve an average 30% recycled content in packaging; 70% of plastic packaging recycled or composted; and eliminate problematic and unnecessary single use plastic packaging).

The *National Waste Policy 2018 Action Plan* features a very significant role for APCO. If APCO fails to meet its targets, the *Action Plan* will also fall short.

ALGA acknowledges that APCO has designed a well-thought-out process of reform for those packaging brands that have voluntarily become signatories to its Covenant. APCO has made progress to date in terms of data collection, which is fundamental, and in gaining significant numbers of members. It has devised highly innovative systems, such as its Packaging Recyclability Evaluation Portal (PREP), which allows members to readily assess their designs against standards determined to be in line with the capacity of at least a large majority of material recovery facilities (MRFs). APCO has embedded important waste hierarchy concepts into the program, and has recently announced that it has already achieved one of its targets ('achieve an average 30% recycled content in packaging by 2025').

In principle, ALGA and councils across Australia very much support mandatory Product Stewardship Schemes. ALGA's National General Assembly 2019 saw councils around Australia carry a motion in support of mandatory Product Stewardship. Local councils are very supportive of the principle of extended producer responsibility and strongly support the strengthening and expansion of existing product stewardship schemes and the exploration and introduction of new ones.

Australia's current waste and resource recovery system provides little or no incentive for designers, manufacturers, importers, distributors and consumers of products to take responsibility for the environmental impacts of products throughout their lifecycle, from design to disposal. Instead, through most municipal waste and resource recovery services, ratepayers bear the cost regardless of their individual consumption choices. Where waste, especially used packaging, is difficult to recycle, recovery costs will be higher. Councils must also bear the cost of

littering and the illegal dumping of waste that is encouraged by hefty waste levies. This is neither fair nor efficient, and certainly does not accord with the polluter-pays principle.

Product stewardship schemes can and do offer a better alternative. By internalising the environmental costs involved in managing products throughout their lifecycle, producers and consumers are incentivised to use resources more efficiently. Product stewardship can potentially eliminate residual waste and ensure resource recovery in line with the waste hierarchy. Product stewardship schemes should therefore be put in place for all products that generate waste and send valuable resources to landfill.

Ideally, product stewardship schemes will be mandatory. The advantage of mandatory schemes is that they create a level playing field: the costs and responsibilities are known and consistent in a competitive market and shared equally among producers of waste products. This certainty motivates designers and manufacturers to create products that generate no or minimal waste.

Because it is a voluntary scheme, ALGA believes the APCO Covenant faces a number of challenges. ALGA is concerned APCO may not be able to enlist the support of the entire packaging industry, smaller brands in particular, and that there will be a significant number of industry non-signatories. There are also issues around states and territories not having the capacity to create a sufficiently strong incentive for those free riders to opt into the Covenant (for example, through their legislative responses to the Packaging NEPM and their capacity to penalise non-compliance). ALGA is also unsure of APCO's capacity to guarantee all its signatories will comply with its program. There are also issues with the term 'recyclable': this is still an emerging science, and ALGA is concerned that the recyclability standards used within the APCO PREP may not make plastic packaging recoverable at an adequate proportion of Australian MRFs.

Implications of the Bill

ALGA, however, is also concerned that APCO's targets, and those the Bill proposes to mandate, may not be optimal as they stand. Targets set in a mandatory Product Stewardship arrangement are ideally set on the basis of comprehensive waste data, and not all baseline data has yet been comprehensively collected by APCO. ALGA believes it should be the role of the Australian Government and state and territory governments, in collaboration with industry, to delineate targets on the basis of that data. ALGA is concerned that the targets set by the industry alone may not be ambitious enough, as is suggested by the recent APCO announcement that one target has already been met ('an average 30% recycled content in packaging') before the scheme is fully underway. Mandating the existing targets in an Act (as opposed to Regulations) might, therefore, fix in place weaker than achievable targets and pre-empt more ambitious targets.

Equally, ALGA recognises that the packaging industry has limited control over some of the factors that contribute to the achievement of the target of '70% of plastic packaging recycled or composted'. Achieving this target will depend, in part, on resourcing the improvement of waste-recovery infrastructure. ALGA has been a consistent advocate for investment in the capacity of the recycling industry. Improvements are needed to the technical capability of existing municipal

collection and recycling services, including development of advanced sorting technologies. Also needed are immediate improvements in access to municipal collection and recycling services across Australia, particularly in regional and remote areas. Public education programs are also required to reduce kerbside contamination. Similarly, there is the need to incentivise markets for products containing recycled material, especially through the mandating of ambitious government procurement targets.

ALGA is also concerned the Bill as it stands contains elements that may not be achievable without agreement from states and territories. For example, establishing a national container deposit scheme (CDS), or establishing a national CDS with a 20c refund, would first require states and territories to harmonise their existing, legislated schemes.

Finally, ALGA is of the view that, ideally, a Bill to amend the *Product Stewardship Act* should be considered after the release of the findings and recommendations of the review of the *Product Stewardship Act*, which are due to be made available in the final quarter of 2019.

Please contact Roslyn Chivers, Executive Director of Policy and Research on telephone 02 6122 9414 should you require further information.

Thank you again for the opportunity to respond to the Bill.

Yours sincerely


Adrian Beresford-Wylie
Chief Executive