

# Chapter 7

## National leadership

7.1 Throughout the inquiry, the committee heard calls for increased national leadership in managing the issues which have arisen in the waste and recycling industries. As submitted by the Waste Management Association of Australia (WMAA), it is 'not possible for industry to solve all challenges without government support, just as government cannot solve all challenges without industry support'.<sup>1</sup>

7.2 As such, 'shared responsibility' must be taken for ensuring the future of the recycling industry with clear roles for the Australian Government, for state and territory governments, for customers, and for industry operators. The WMAA submitted:

The Australian Government has an important role in encouraging the development of domestic markets for recycled materials, noting that this effort can be well aligned with current focus areas of creating jobs and economic growth, especially in regional areas. State governments have a responsibility to set and enforce minimum standards for market participation, and ensure a level playing field. Customers have a responsibility to ensure the operators they engage will provide acceptable services, in accordance with market standards (including regulatory standards, as well as commercial standards such as product offtake specifications). It is the responsibility of industry operators to set their pricing at levels where they are able to meet their commitments in terms of the quality of the recycling service provided.<sup>2</sup>

7.3 This chapter will canvass the evidence received in relation to the role of governments in ensuring the future of the recycling industry, and the best practice management of the waste sector. The following issues will be explored:

- the need for a circular economy to be established;
- the development of a reinvigorated National Waste Policy;
- the need for national mandatory stewardship schemes to be introduced for a range of materials;
- the need for the establishment and invigoration of markets for recycled material through a range of measures including government procurement policies; and
- the need for investment in waste avoidance and resource recovery initiatives, including investment in the development of technology and infrastructure.

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1 Waste Management Association of Australia, *Submission 52*, p. 9.

2 Waste Management Association of Australia, *Submission 52*, pp. 9–10

## Circular economy

7.4 As previously noted the recycling sector is under considerable pressure due to a lack of sustainable markets for Australian recycled material, both domestically and internationally. Submitters advocated for national leadership in the development of an Australian circular economy with strong domestic markets for recyclable materials, and products made from recycled material. Circular economies require investment in infrastructure and market development, and the integration of Commonwealth, state and territory and local legislation, policy and programs.<sup>3</sup> Mr Mark Venhoek, Chief Executive Officer, SUEZ Australia and New Zealand stated:

Government and industry both need to play their part in driving change towards the true circular economy and closing the loop of wasting resources. For that, we need more ownership, we believe, more accountability and audacity to change legislation and regulation, in terms of waste management, produce responsible schemes, and procurement. However, a waste and recycling strategy does require the necessary, what we would call, carrot-and-stick principles and proper governance and enforcement of the law, as without it those principles will, unfortunately, fail.<sup>4</sup>

7.5 Submitters stated that Australia is 'being left behind the rest of the developed world, in transitioning to the circular economy, and utilising waste as a resource'. It was noted that a circular economy provides economic and employment opportunities with the Waste Management Association of Australia (WMAA) submitting that 'for every 10,000 tonnes of waste recycled, 9.2 jobs are created'.<sup>5</sup>

7.6 Equilibrium noted that the European Commission has adopted an 'ambitious new Circular Economy Package to help European businesses and consumers to make the transition to a stronger and more circular economy where resources are used in a more sustainable way'.<sup>6</sup>

7.7 The Southern Metropolitan Regional Council submitted that establishing a circular economy:

...requires the appropriate integration of Commonwealth, state and territory and local government legislation, policy and programs which would require national targets for resource recovery, remanufacturing, infrastructure planning and market development.<sup>7</sup>

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3 Southern Metropolitan Regional Council, *Submission 59*, p. 2.

4 Mr Mark Venhoek, SUEZ Australia and New Zealand, *Committee Hansard*, 14 March 2018, p. 48.

5 Waste Management of Australia, *Submission 52*, p. 2.

6 Equilibrium, *Submission 35*, p. 4.

7 Southern Metropolitan Regional Council, *Submission 59*, p. 2.

7.8 It was also suggested that to establish a circular economy, the following must occur:

- the regulation of waste must be harmonised to ensure a 'level playing field';
- the *National Waste Policy: Less waste, more resources* must be reinvigorated;
- the development of domestic markets should be supported through the prioritisation of sustainable procurement of recycled content in all levels of the government supply chain; and
- new products (including packaging) must meet recyclability and recoverability requirements with clear pathways for the movement of materials back into the economy.<sup>8</sup>

### Policy approach

7.9 It was also argued that Australian policy development in the area of waste and recycling has been disconnected from the 'practical realities of what's actually happening in our society and economy with regard to production and consumption'. In particular, it was argued that there is a 'lag' between policy and practice which results in 'suboptimal outcomes' for waste and recycling.<sup>9</sup>

7.10 Mr Peter Shmigel, Chief Executive Officer, Australian Council of Recycling, told the committee that the lag between policy and practice has resulted from a focus on weight i.e. how much material is being diverted from landfill being measured by weight. Mr Shmigel stated:

All of our measures are constructed in that regard. All of our targets are constructed in that regard. As a result, much of our programmatic effort also flows from that. When you only look at waste and recycling by weight, you get pretty good outcomes in some areas, because you design instruments like landfill levies that are weight based, and then you get much lower outcomes around products, materials, streams and activities that are inherently lighter and that are more complex. So I encourage senators to think about those things that are heavy—construction material, cardboard out of businesses—and that are homogeneous, meaning single stream and essentially clean to use in a recycling process. We do those pretty well as a society. Then you look at things that are heterogeneous and lighter—for instance, kerbside recycling, e-waste and tyres—and we do much less well.<sup>10</sup>

7.11 Mr Nicholas Harford, Managing Director, Equilibrium, similarly told the committee that policy responses that treat waste and recycling as one industry have

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8 Waste Management of Australia, *Submission 52*, p. 2.

9 Mr Peter Shmigel, Australian Council of Recycling, *Proof Committee Hansard*, 30 April 2018, p. 25.

10 Mr Peter Shmigel, Australian Council of Recycling, *Proof Committee Hansard*, 30 April 2018, p. 25.

created negative and unintended consequences for both industries. Mr Harford noted that the waste industry is generally a volume-based business focused on the movement of material from one point to another, while recycling is focussed on the processing of material.<sup>11</sup>

7.12 Mr Shmigel recommended that policy should move away from a 'weight-only dynamic' and instead focus on developing waste and recycling as an industry. This policy focus should include examining how to 'maximise' job opportunities and social benefits associated with the sector.<sup>12</sup>

### ***National Waste Policy***

7.13 Submitters called for the Australian Government to play a greater role in coordinating waste policy in Australia, improving consistency in waste policy and developing a consistent approach to levies nationally.<sup>13</sup> One option supported by submitters was the reinvigoration of the National Waste Policy.<sup>14</sup>

7.14 As noted in Chapter 1, the *National Waste Policy: Less waste, more resources 2009* was intended to set the national policy direction up to 2020 with 16 priority strategies to manage waste. Submitters stated that despite there being a clear role for the federal coordination of waste and recycling management, there 'appears to have been very little action if any to implement this Plan [Policy] since 2014'.<sup>15</sup> Equilibrium described the National Waste Policy as now being 'defunct' despite its aims and strategies remaining valid. Equilibrium submitted:

...since about 2012–2013 there has been minimal on-going support for the Policy, its refinement and implementation. Successive State and Territory Governments have largely ignored it as a national framework and pursued individual agendas. This fails to acknowledge that significant players in the waste and recycling industry are national businesses, who typically prefer and advocate a nationally uniform approach to policy and regulation.<sup>16</sup>

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11 Mr Nicholas Harford, Equilibrium, *Committee Hansard*, 20 November 2017, p. 13.

12 Mr Peter Shmigel, Australian Council of Recycling, *Proof Committee Hansard*, 30 April 2018, p. 25.

13 Australian Local Government Association, *Submission 47*, p. 3; SKM Recycling, *Submission 50*, p. 3; Suez, *Submission 51*, p. 4.

14 MRA Consulting, *Submission 25*, p. 11.

15 Waste Management Association of Australia, *Submission 52*, p. 11.

16 Equilibrium, *Submission 35*, p. 3. See also Mr Nicholas Harford, Equilibrium, *Committee Hansard*, 20 November 2017, p. 12; TIC Group (Mattress Recycling), *Submission 8*, p. 5.

7.15 Ms Gayle Sloan, Chief Executive Officer, WMAA, pointed to the failure to progress the National Waste Policy as the cause for the continued reliance on export markets, and noted that that the recent policy change in China has only served to highlight the lack of national unity and leadership on the issue. Ms Sloan stated:

If, for example, the national waste strategy had genuinely significantly progressed, even two of the 16 priority strategies—that is, sustainable procurement and prepackaging management—in the last eight years, Australia may well have progressed in creating secondary markets and a circular economy in Australia, like the EU and like China is now making happen, and we would not have the continued reliance we have, to an extent, on global trading markets, such as China, for our commodities.<sup>17</sup>

7.16 Ms Sloan further stated that waste and recycling 'has failed to receive the recognition and support that it should from the federal government in recent times'.<sup>18</sup> Ms Sloan explained:

The federal government to date has played a very little role in waste policy, essentially limiting itself to the extent of producing responsibilities schemes. This is wholly inadequate when considering the importance of this essential industry to community, as well as its important role in the economy and the environment. The issue is simply too important for the federal environment and energy minister, Josh Frydenberg, to continue to repeat his mantra: 'It's up to the states.' This is one that the federal government needs to start stepping up to the plate on.<sup>19</sup>

7.17 Mr Jeffrey Angel, Total Environment Centre/Boomerang Alliance, explained that despite having a National Waste Policy, there has been 'no national implementation, and there are a number of key things federal government must do'.<sup>20</sup>

7.18 The Western Australian Local Government Association (WALGA) noted that the Council of Australian Governments (COAG) Council on Environment and Water provided a formal conduit for states and territories to discuss key issues. This was disbanded in 2013 and replaced by the Meeting of Environment Ministers. WALGA submitted that the resourcing for the Department of the Environment and Energy 'appears to have been reduced, with the 2016 review of the *Product Stewardship Act 2011* still a work in progress'. WALGA concluded that there is an opportunity for the Australian Government in providing leadership, but also noted that this must be properly resourced, and have political support.<sup>21</sup> The South Australian

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17 Ms Gayle Sloan, WMAA, *Committee Hansard*, 14 March 2018, p. 12.

18 Ms Gayle Sloan, WMAA, *Committee Hansard*, 14 March 2018, p. 11.

19 Ms Gayle Sloan, WMAA, *Committee Hansard*, 14 March 2018, p. 12.

20 Mr Jeffrey Angel, Total Environment Centre/Boomerang Alliance, *Committee Hansard*, 14 March 2018, p. 56

21 Western Australian Local Government Association, *Submission 58*, p. 6.

Government also noted the disbandment of the COAG Council on Environment and Water.<sup>22</sup>

7.19 Submitters pointed to the differences in the regulation of the waste and recycling industry across jurisdictions as a reason for renewed national leadership and harmonisation. The Australian Sustainable Business Group (ASBG) stated that 'Australia's jurisdictional control of waste management has resulted in highly different waste management regulation, environmental standards and infrastructure'.<sup>23</sup>

7.20 Similarly, the WMAA noted that many participants in the waste and recycling industry operate across the country and that inconsistencies in the regulation of the industry between jurisdictions 'demonstrate the opportunity for the Australian Government to require a more consistent approach'.<sup>24</sup> The South Australian Government also submitted that:

...the Australian Government should take a stronger coordination role and that it has an essential role to play in addressing matters that cannot readily be tackled by any State acting alone to achieve coherent, efficient and environmentally responsible approaches for solid waste management.<sup>25</sup>

7.21 The WMAA argued that a nationally consistent approach 'must be designed to "lift the bar" and result in better performance across all jurisdictions, rather than resulting in all jurisdictions being consistently poor performers'.<sup>26</sup> The Hunter Joint Organisation of Councils likewise called on the Australian Government to 'coordinate a consistent national approach to supporting best practice management of landfill and resource recovery sites in all states, through an updated National Waste Policy'.<sup>27</sup>

7.22 A range of suggestions were made for the best way to achieve national leadership. For example, Mr Nicholas Harford, Managing Director, Equilibrium, offered his support for the use of COAG as a means to achieve consistent and uniform regulation of the waste and recycling industries.<sup>28</sup>

7.23 The ASBG recommended that 'the best way forward is for the Commonwealth to play a more active role in developing and promoting a national waste framework via the NEPC [National Environment Protection Council]'. It also recommended that the Australian Government:

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22 South Australian Government, *Submission 36*, p. 24.

23 Australian Sustainable Business Group, *Submission 41*, p. 3.

24 Waste Management Association of Australia, *Submission 52*, p. 11.

25 South Australian Government, *Submission 36*, p. 24.

26 Waste Management Association of Australia, *Submission 52*, p. 11.

27 Hunter Joint Organisation of Councils, *Submission 22*, p. 5.

28 Mr Nicholas Harford, Equilibrium, *Committee Hansard*, 20 November 2017, p. 14.

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...increase its funding and influence under the National Waste Policy to progress its current work and potentially work towards more nationally consistent minimum standards for waste facilities and their management to be run by state jurisdictions.<sup>29</sup>

7.24 ResourceCo also supported the use of the NEPC to create and update the National Environmental Protection Measures (NEPM). ResourceCo stated that 'reform to the existing NEPMs will bring major benefit to the industry through regulatory streamlining and reduction and hopefully state harmonisation'.<sup>30</sup>

7.25 A number of submitters also argued that the National Waste Policy remains a sound policy document for establishing a federal approach to waste and recycling management in Australia. Equilibrium stated that the National Waste Policy 'warrant[s] re-visiting when considering a facilitated federal approach'.<sup>31</sup> Similarly Mr Peter Shmigel, Chief Executive Officer, Australian Council of Recycling, described the National Waste Policy as a 'completely adequate document in terms of its scope and in terms of its coverage of issues'. Mr Shmigel added that 'there is a logic' to reviewing the Policy to determine what circumstances have changed since its development, and to establish new targets and accountability.<sup>32</sup>

7.26 Similarly, Mr Mike Ritchie, MRA Consulting, told the committee:

The federal government has all sorts of authorities to intervene in the waste space. Most people who have given evidence to you today would agree with the federal government taking up a stronger role. Senator, you mentioned the National Waste Policy and you've heard today that most people would agree with that as a good platform to go forward—it simply hasn't been resourced. It's there—you mentioned the 16 actions. It's been endorsed by everyone in the waste industry as a good platform. It just requires energy and enthusiasm at the federal level and some money.<sup>33</sup>

7.27 The WMAA concluded that:

The Australian Government needs to reinvigorate the *National Waste Policy: Less waste, more resources* and take an active role in waste management policy in Australia, in order that this essential service is protected for the community, and the full opportunities of investment and job creation can be realised by industry.<sup>34</sup>

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29 Australian Sustainable Business Group, *Submission 41*, p. 3.

30 ResourceCo, *Submission 26*, p. 6.

31 Equilibrium, *Submission 35*, p. 3.

32 Mr Peter Shmigel, Australian Council of Recycling, *Proof Committee Hansard*, 30 April 2018.

33 Mr Mike Ritchie, MRA Consulting, *Committee Hansard*, 14 March 2018, p. 65.

34 Waste Management Association of Australia, *Submission 52*, p. 11.

## Product Stewardship

7.28 Product stewardship is a policy tool used globally to improve waste and recycling outcomes by focusing on product design, material selection, consumer use, and end-of-life disposal in order to maximise economic and environmental benefits.<sup>35</sup> The Australian Capital Territory Government commented that product stewardship ensures the price signals are made apparent to those parties that have the power to redesign their products or to import and sell different products, and that waste management and recycling costs are internalised in the product costs—such that consumers see appropriate price signals at the time of purchase.<sup>36</sup>

7.29 Product stewardship also makes the cost of disposal apparent to consumers at the point of purchase. This is distinctly different to conventional recycling concepts such as kerbside collection schemes where the costs of disposal are more broadly borne by the local community through rates. Mr Andrew Tytherleigh, Executive Officer, Victorian Waste Management Association, stated:

...it comes back to a personal responsibility. We've talked about adding the cost of disposal on to the cost of the product when people buy it and getting people to understand that, ultimately, they are responsible for the end disposal or the end use of that product, and it comes at a cost. Too much in Australia we socialise the cost of disposal.<sup>37</sup>

7.30 The committee received evidence of widespread support for national product stewardship schemes, and many submitters called for the expansion of existing schemes, and making schemes mandatory rather than voluntary.

### *Support for and success of existing schemes*

7.31 Australia's *Product Stewardship Act 2011* was developed as a result of the National Waste Policy. It was described as being 'largely focused on the end-of-life solution rather than tackling the full lifecycle of products'.<sup>38</sup> Commonwealth product stewardship schemes set material recovery levels for those areas it directly regulates. For example, under the National Televisions and Computer Recycling Scheme, from 1 July 2014 accredited recycling businesses must demonstrate a material recovery target of 90 per cent. This target ensures that at least 90 per cent of the weight of the material processed for e-waste is sent for further processing into useable materials.<sup>39</sup>

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35 Equilibrium, *Submission 35*, p. 4.

36 ACT Government, *Submission 20*, p. 5.

37 Mr Andrew Tytherleigh, Victorian Waste Management Association, *Committee Hansard*, 20 November 2017, p. 23.

38 Equilibrium, *Submission 35*, p. 4.

39 Department of the Environment and Energy, *Submission 55*, p. 6.

7.32 Equilibrium offered its support for product stewardship schemes established under the *Product Stewardship Act 2011* and noted that in lieu of other national approaches to waste and recycling issues, the Act provides an approach that is working.<sup>40</sup> Mr Nicholas Harford, Managing Director, Equilibrium stated that:

Product stewardship and the Product Stewardship Act, I think, has been quite successful to date. There are a number of schemes that have got up under the auspices of the act—mostly voluntary schemes, not regulated. But there are also a whole range of other schemes that have been developed, and are under development, that aren't even looking to be auspiced under the scheme; they are just doing it because it is a good corporate and commercial activity for different products and different groups of companies to do.<sup>41</sup>

7.33 TIC Group (Mattress Recycling) similarly stated that the *Product Stewardship Act 2011*, and the schemes established as a result, demonstrate that 'collaboration between industry, government and other stakeholders can provide cost-effective and efficient processes to recover and recycle more materials'.<sup>42</sup>

7.34 Mr Harford, Equilibrium, also supported the suggestion that the coverage of the *Product Stewardship Act 2011* could be expanded. Mr Harford, Equilibrium, told the committee:

There is also an opportunity to look at whether the Product Stewardship Act can be used not just as an end-of-pipe solution for products so it is not just about the waste and recycling but the design of the product in the first place—from material changes to have a more environmentally beneficial material used in the product in the first place through to 'design for recycling' concepts. The general rule of thumb from designers is that about 70 to 80 per cent of the environmental impact of a product is locked in at the design phase. Product stewardship can be used to incentivise that greater supply chain thinking that it would be of value.<sup>43</sup>

7.35 However, some submitters stated that there has been little support provided by the Australian Government for product stewardship schemes since their establishment. Both LGNSW and the Hunter Joint Organisation of Councils noted that 'there has been little or no action to address waste issues at a national level' since the National Television and Computer Recycling Scheme was established.<sup>44</sup>

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40 Equilibrium, *Submission 35*, p. 4. See also Adelaide Hills Region Waste Management Authority, *Submission 33*, p. 5.

41 Mr Nicholas Harford, Equilibrium, *Committee Hansard*, 20 November 2018, p. 12.

42 TIC Group (Mattress Recycling), *Submission 8*, p. 6. See also Equilibrium, *Submission 35*, p. 4.

43 Mr Nicholas Harford, Equilibrium, *Committee Hansard*, 20 November 2017, p. 12.

44 Hunter Joint Organisation of Councils, *Submission 22*, p. 10. See also Local Government New South Wales, *Submission 13*, p. 5.

7.36 LGNSW submitted that:

It seems the 2009 National Waste Policy, promising Product Stewardship (beyond just TVs and computers), better packaging and sustainable procurement has gone silent and a national approach targeting producers has ceased. The review of the *Product Stewardship Act 2011* (Cth) provides an opportunity to ensure the framework is fit for purpose and to reinvigorate action in this area.<sup>45</sup>

7.37 Mr John Pritchard, Executive Director, Policy and Research, Australian Local Government Association (ALGA) told the committee that 'many product stewardship programs have been significantly underfunded; therefore their reach and the way in which they operate is difficult'.<sup>46</sup> Mr Pritchard stated that rural and regional jurisdictions are not always able to participate in product stewardship programs as services are not available. Mr Pritchard described this inability to participate as a 'function of both geography and funding'.<sup>47</sup>

7.38 However, the Department of the Environment and Energy told the committee that the Commonwealth has been 'instrumental' in establishing product stewardship schemes. Mr James Tregurtha, Acting First Assistant Secretary, Environmental Standards Division, Department of the Environment and Energy stated:

...the Commonwealth has been instrumental with the states and territories in driving the Australian Packaging Covenant and in terms of setting up the product stewardship arrangements, which both seek to minimise the amount of waste created at the end of a product's use, or once the packaging has been removed and discarded. Interventions like that help to reduce the overall amount of waste that needs to be dealt with, whether it goes into recycling or otherwise.<sup>48</sup>

### ***Expansion of schemes***

7.39 Submitters noted that while there are schemes for a range of items including mobile phones, paint and tyres, submitters called for schemes for other products including mattresses; hand-held batteries; whitegoods and air conditioners; and household and commercial furniture.<sup>49</sup> For example Mr Arron Lee, Waste and Resource Recovery Services, Brisbane City Council, told the committee that the

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45 Local Government New South Wales, *Submission 13*, p. 5.

46 Mr John Pritchard, Australian Local Government Association, *Committee Hansard*, 21 March 2018, p. 15.

47 Mr John Pritchard, Australian Local Government Association, *Committee Hansard*, 21 March 2018, p. 15.

48 Mr James Tregurtha, Department of the Environment and Energy, *Committee Hansard*, 21 March 2018, p. 5.

49 Brisbane City Council, *Submission 4*, p. 5. See also Tasmanian Government, *Submission 11*, p. 4.

kerbside hard waste collection stream includes large bulky items such as mattresses, furniture, and e-waste. Mr Lee stated:

Product stewardship for these bulkier items is essential, and we need support in this area to manage them into the future. Whilst it got off to a rocky start, the television and computer product stewardship scheme is now running nicely, and most of the material that is brought into council resource recovery centres is processed, including smaller schemes for heavier and bulkier items such as mattresses, to ensure the end-of-life management of the product is built into the purchase price. It is key. We need this to occur.<sup>50</sup>

7.40 Mr Vaughan Levitzke, Chief Executive, Green Industries SA, told the committee that the South Australian Government is 'looking forward' to more stewardship schemes.<sup>51</sup> Similarly, Mr Jim Corrigan, Deputy Director-General, City Services Division, Transport Canberra and City Services Directorate, stated that the Australian Capital Territory Government would 'like to work with the federal government' on the further expansion of product stewardships schemes.<sup>52</sup>

7.41 In addition to expanding product stewardship initiatives to include new types of material, there were suggestions that the *Product Stewardship Act 2011* could be used to make changes in the design of products to achieve better environmental outcomes. Extended Producer Responsibility (EPR) is a policy approach that requires producers to take responsibility (either financial or physical) for the disposal or treatment of post-consumer products. Assigning producers responsibility for products has been recognised as providing incentives to prevent waste at the source through better product design. Mr Harford, Equilibrium, told the committee:

There is also an opportunity to look at whether the Product Stewardship Act can be used not just as an end-of-pipe solution for products so it is not just about the waste and recycling but the design of the product in the first place—from material changes to have a more environmentally beneficial material used in the product in the first place through to 'design for recycling' concepts. The general rule of thumb from designers is that about 70 to 80 per cent of the environmental impact of a product is locked in at the design phase. Product stewardship can be used to incentivise that greater supply chain thinking that it would be of value.<sup>53</sup>

7.42 Similarly, TIC Group (Mattress Recycling) stated that:

Factors such as rewarding more up-stream material recovery and efficiency rather than just using product stewardship as an "end-of-pipe" approach warrant close consideration. [This would]...lead to better economic,

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50 Mr Arron Lee, Brisbane City Council, *Proof Committee Hansard*, 30 April 2018, p. 8.

51 Mr Vaughan Levitzke, Green Industries SA, *Proof Committee Hansard*, 30 April 2018, p. 37.

52 Mr Jim Corrigan, Australian Capital Territory Government, *Committee Hansard*, 21 March 2018, p. 11.

53 Mr Nicholas Harford, Equilibrium, *Committee Hansard*, 20 November 2017, p. 12.

environmental and social outcomes for the waste and recycling industries and the Australian community.

7.43 Ms Gayle Sloan, Chief Executive Officer, WMAA told the committee that there needs to be a paradigm shift in management of product stewardship. Ms Sloan stated that before introducing a new product to the market, producers should be required to demonstrate an item's 'end-of-life home'. Ms Sloan noted that in South Australia, contractors are required to demonstrate end-of-life processes prior to undertaking large solar panel installations. Ms Sloan stated that the waste and recycling industry must be involved in discussions of product stewardship and that producers cannot be left to develop schemes alone. Ms Sloan noted that the industry has the expertise in managing the disposal of items, so it needs to work in partnership with producers.<sup>54</sup>

7.44 The Australian Capital Territory Government submitted that it supports product stewardship approaches that 'move the responsibility for managing waste and recovering resources up the supply chain to importers, manufacturers and distributors'. It stated that:

This ensures the price signals are made apparent to those parties that have the power to redesign their products or to import and sell different products. This also ensures that waste management and recycling costs are internalised in the product costs - such that consumers see appropriate price signals at the time of purchase.<sup>55</sup>

7.45 Mr John Pritchard, ALGA, also argued that all future product stewardship schemes should be co-designed with local governments. Mr Pritchard noted that there are existing schemes which now 'present a difficulty for local government' due to a lack of consultation. Mr Pritchard stated:

There are some product stewardship programs that have been developed and designed without adequate consultation with local government and they present a difficulty for local government when the local councils become the sort of collector of last resort and have not got direct mechanisms by which they can influence the way in which those programs are implemented. So councils end up stockpiling some of the waste products that they can't get rid of in the scheme that's been set up under a waste product stewardship framework.<sup>56</sup>

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54 Ms Gayle Sloan, WMAA, *Committee Hansard*, 14 March 2018, p. 21.

55 Australian Capital Territory Government, *Submission 20*, p. 5.

56 Mr John Pritchard, Australian Local Government Association, *Committee Hansard*, 21 March 2018, p. 15.

7.46 Mr Mike Ritchie, MRA Consulting Group, also suggested that a formal consultation process should be established around the development of product stewardship schemes. Mr Ritchie stated:

...one of the criticisms of the scheme structure is that there's no engagement process about what materials get onto that list and then how the argument for developing a scheme is prosecuted through stakeholder processes et cetera. There should be a formalised process around both how you get on the list and what the process is for managing the development of the scheme, and then, if for whatever reason a product is going to be dropped off the list, why and how that happens. At the moment it's just a ministerial announcement.<sup>57</sup>

### ***Mandatory or voluntary participation***

7.47 In discussing the success of product stewardship schemes, the committee heard evidence about the impact of mandating participation on achieving environmental outcomes.

7.48 Mr Jeff Angel, Total Environment Centre/Boomerang Alliance told the committee that the *Product Stewardship Act 2011* has 'three separate approaches: a voluntary approach, a co-regulatory approach and a mandatory approach'. Mr Angel stated that the Total Environment Centre/Boomerang Alliance has 'always supported the mandatory approach—we just think it's economically and environmentally unhealthy to have a large loophole for free riders'.<sup>58</sup>

7.49 The Australian Capital Territory Government also commented on the effect of 'free riders'. It submitted that 'free riders are companies that produce the waste but not contribute to the costs of the relevant product stewardship scheme'. The Australian Capital Territory Government explained that companies that participate in voluntary schemes are therefore placed at a commercial disadvantage to those that do not, as they fund the stewardship costs for their competitors. It submitted that:

Voluntary product stewardship schemes are generally only effective in a situation where the industry is dominated by only a few players (an oligopoly). They fail to be effective in competitive markets with diverse suppliers or situations where the oligopolies fail to reach agreements on the product stewardship requirements.<sup>59</sup>

7.50 Mr Lee, Brisbane City Council, advocated for the introduction of mandatory product stewardship schemes for some items as 'relying on industry to voluntarily manage their own products has not proven to be a timely approach in the past, and

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57 Mr Mike Ritchie, MRA Consulting Group, *Committee Hansard*, 14 March 2018, p. 70.

58 Mr Jeff Angel, Total Environment Centre/Boomerang Alliance, *Committee Hansard*, 14 March 2018, p. 58.

59 Australian Capital Territory Government, *Submission 20*, p. 8.

perhaps industry needs a hurry-up in the form of a mandate'.<sup>60</sup> Mr Corrigan, Australian Capital Territory Government, similarly stated that 'voluntary schemes have their limitations'.<sup>61</sup>

7.51 Ms Sloan, WMAA, stated that it has been demonstrated that where product stewardship 'is a choice it is not as effective'. Ms Sloan further stated that 'product stewardship is fundamental, and...[it] can't be voluntary'. Ms Sloan concluded that product stewardship schemes 'need to be as far as practicable and economically viable enforceable'.<sup>62</sup> Similarly Mr Mike Ritchie, MRA Consulting Group, told the committee that:

Essentially, if you're introducing a new waste stream into the Australian market, you need to have a solution for how it's going to be recovered and reprocessed. That's a role for government. Industry can't do that mandating. It can't control what is generated into our streams. We just end up handling it.<sup>63</sup>

7.52 Mr Ritchie told the committee that not only should more product stewardship schemes be developed, the schemes should be mandatory. Mr Ritchie suggested that there could be a 'transitory voluntary arrangement, or a hybrid arrangement' but noted that both domestically and internationally, successful schemes are usually mandatory.<sup>64</sup>

7.53 The NWRIC called on the Australian Government to implement 'mandatory product stewardship programs which reflect the real cost of recycling materials'. It stated that these programs should cover the priority materials identified under the Commonwealth Product Stewardship List: plastic microbeads and products containing plastic microbeads; photovoltaic systems; electrical and electronic products; and plastic oil containers.<sup>65</sup>

7.54 Mr Shmigel, Chief Executive Officer, Australian Council of Recycling, however offered a more cautious approach to whether schemes should be voluntary or mandatory. Mr Shmigel told the committee:

On the question of 'voluntary or regulatory', one would always want to see industry given an opportunity to organise on a voluntary basis first, because you'd like to think that greater ownership can be shown and there would be

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60 Mr Arron Lee, Brisbane City Council, *Proof Committee Hansard*, 30 April 2018, p. 8.

61 Mr Jim Corrigan, Australian Capital Territory Government, *Committee Hansard*, 21 March 2018, p. 11.

62 Ms Gayle Sloan, WMAA, *Committee Hansard*, 14 March 2018, p. 21.

63 Mr Mike Ritchie, MRA Consulting Group, *Committee Hansard*, 14 March 2018, p. 68.

64 Mr Mike Ritchie, MRA Consulting Group, *Committee Hansard*, 14 March 2018, p. 68.

65 National Waste and Recycling Industry Council, *Submission 10*, p. 3. See also <http://www.environment.gov.au/protection/national-waste-policy/product-stewardship/legislation/product-list-2016-17>.

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greater knowledge of how to do things as a result of expertise. But, at the same time, the genuine prospect of regulation must always be there.<sup>66</sup>

### *Container deposit schemes*

7.55 As previously noted, a number of states and territories have implemented or are considering the implementation of container deposit schemes. Submitters also commented on the issue of harmonisation and replication of schemes and a single national scheme.

7.56 Owens-Illinois stated that in considering the application of container deposit schemes in Australia, it 'ideally supports a single national approach, rather than a fragmented jurisdictional approach which may become difficult to manage and costly within a national packaging industry'.<sup>67</sup>

7.57 Mr Bruce Edwards, Assistant Secretary, Policy and Reform Branch, Department of the Environment and Energy (the Department), told the committee that the Council of Australian Governments (COAG) had conducted a regulatory impact assessment of a national container deposit scheme. However, 'jurisdictions couldn't reach an agreement to have a national scheme'. Mr Edwards noted however that state and territory jurisdictions continue to explore the implementation of local schemes and that there 'is some harmonisation between state schemes'.<sup>68</sup>

7.58 Mr John Pritchard, Australian Local Government Association (ALGA) similarly stated that CDL has been 'quite a difficult issue' for the ALGA with state members offering varying levels of support for the introduction of such schemes. Mr Pritchard stated that 'at the moment we have a high level of support' for CDL but noted that the organisation has not formally considered the introduction of a national scheme in a number of years.<sup>69</sup>

7.59 Mr Edwards, Department of the Environment and Energy, noted that though the South Australian scheme has been in operation 'for a long time', other jurisdictions have 'realised that they cannot replicate that scheme'. As such, state and territory jurisdictions are examining 'the best features' of existing schemes in developing new schemes for introduction.<sup>70</sup>

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66 Mr Peter Shmigel, Australian Council of Recycling, *Proof Committee Hansard*, 30 April 2018, p. 31.

67 Owens-Illinois, *Submission 56*, p. 8.

68 Mr Bruce Edwards, Department of the Environment and Energy, *Committee Hansard*, 21 March 2018, p. 9.

69 Mr John Pritchard, Australian Local Government Association, *Committee Hansard*, 21 March 2018, p. 16.

70 Mr Bruce Edwards, Department of the Environment and Energy, *Committee Hansard*, 21 March 2018, p. 9.

7.60 This was echoed by Mr Michael Trushell, Director, ACT NoWaste, City Services Division, Transport Canberra and City Services Directorate, who told the committee that the Australian Capital Territory Government is currently in the process of establishing a CDS modelled on schemes implemented by other states including New South Wales. Mr Trushell stated:

We've modelled it on the New South Wales legislation. There are specific legal differences between the territory and the New South Wales, so those variations have been made. We've taken the opportunity, because we've been lagging, to learn some of the experiences. The structure of the legislation is very similar. They have the same sort of rules. Essentially, we have an attempt to harmonise as best as possible, given the proximity of the ACT to New South Wales, to simplify it for industry and consumers. There are some differences in some areas...We've [also] researched South Australia's and other jurisdictions' approach to it, and we're taking a slightly different approach, which we'll announce in due course around the way we will roll it out.<sup>71</sup>

7.61 Mr Terry Van Iersel, Manager, Sales and Commodity, SKM Recycling, told the committee that SKM Recycling generally supports measures that divert material from landfill. However Mr Van Iersel described the New South Wales CDL scheme as more favourable than other schemes as it 'recognises that if you introduce a system, it presupposes that material that comes out is going to come out of the kerbside bin and go into the CDL stream'.<sup>72</sup>

### **Leading by example**

7.62 As previously noted the recycling sector is under considerable pressure due to a lack of sustainable markets for Australian recycled material, both domestically and internationally. Submitters advocated for national leadership in the development of an Australian circular economy with strong domestic markets for recyclable materials, and products made from recycled material.

7.63 Increased Australian demand for recycled content in new products would reduce the reliance of the industry on export markets. The development of domestic markets will 'result in better environmental and social outcomes (local jobs, and reduced transport impacts), as well as reducing sovereign risk associated with exposure to international commodity markets. As such, 'increased local manufacture of products with significant recycled content is an important goal for Australia'.<sup>73</sup>

7.64 Submitters argued that the Australian Government, along with local, state and territory governments, is able to support the development domestic markets for

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71 Mr Michael Trushell, Australian Capital Territory Government, *Committee Hansard*, 21 March 2018, p. 16.

72 Mr Terry Van Iersel, SKM Recycling, *Committee Hansard*, 20 November 2017, p. 39.

73 Waste Management Association of Australia, *Submission 52*, p. 8.

recycled material. As such, 'government organisations should show a genuine commitment to sustainable procurement, which will provide confidence for recycling facility operators to make products that meet end user specifications'.<sup>74</sup> The South Australian Government told the committee that:

The Australian government's involvement in large-scale infrastructure projects provides it with considerable influence in relation to its procurement of recycled content materials. It may direct the use of recycled content within its own projects and through eligibility requirements being incorporated into tender specifications, bidding processes and contracts with large-scale projects. We need to pursue models where materials are recirculated back through the economy locally rather than being sent overseas. We need to ensure that Australian government decisions support these models, including in waste export decisions and promotion of product stewardship.<sup>75</sup>

7.65 The WMAA noted that at present, there are a number of examples where government organisations introduce policies and systems to divert material away from landfill whilst simultaneously refusing to buy recycled product for government projects. WMAA stated:

Examples include councils that introduce garden organics collection services but refuse to use compost products on their own parks and gardens, as well as state governments that set out recycling targets but do not allow (or at least do not encourage) the use of recycled materials in major projects such as road construction.<sup>76</sup>

7.66 A number of submitters particularly highlighted the use of glass sand and crumb rubber in building roads as an opportunity for government to show leadership in the procurement of recycled material.<sup>77</sup> Ms Gayle Sloan, WMAA, told the committee that the use of recycled material by governments would provide employment opportunities, as well as reduce problems such as stockpiling. Ms Sloan stated:

Imagine if every road, footpath and park in Australia had five per cent recycled content. We would not be seeing glass piles. That's not a safety issue. That's such a strong sustainability message around environment and job creation. The beauty of this industry, the waste and resource recovery industry, is the capacity to create jobs in the local area. We don't want to

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74 Waste Management Association of Australia, *Submission 52*, p. 9. See also Ms Gayle Sloan, WMAA, *Committee Hansard*, 14 March 2018, p. 17; ResourceCo, *Submission 26*, p. 7.

75 Mr Vaughan Levitzke, Green Industries SA, *Proof Committee Hansard*, 30 April 2018, p. 34. See also Mr Andrew Tytherleigh, Victorian Waste Management Association, *Committee Hansard*, 20 November 2017, p. 19.

76 Waste Management Association of Australia, *Submission 52*, p. 9.

77 See for example National Waste and Recycling Industry Council, *Submission 10*, p. 3; Adelaide Hills Region Waste Management Authority, *Submission 33*, p. 4, Councillor Linda Scott, LGNSW, *Committee Hansard*, 14 March 2018, p. 46.

move waste around; we want to deal with it near where it's generated, and that processing creates jobs and opportunities.<sup>78</sup>

7.67 The Hunter Joint Organisation of Councils submitted that its member councils have 'committed to working collaboratively to identify opportunities to use recycled products in their civil works programs, particularly crushed glass for pipe bedding material and road base'.<sup>79</sup> Local Government New South Wales (LGNSW) also noted that some New South Wales councils use crushed glass in road base, or recycled plastic composite as a replacement for timber.<sup>80</sup>

7.68 Ms Sloan, WMAA, also told the committee that recycled soft plastics can be used to create plastic soft fall used in playgrounds but that there is currently little market for such product. Ms Sloan explained that Redcycle, a company which uses soft plastics to manufacture outdoor furniture and soft fall 'is struggling to sell because...it's not price competitive, because of the economy of scale'. Ms Sloan suggested that emphasising the purchase of recycled product by government would create a market.<sup>81</sup>

#### *Standards for recycled material*

7.69 Submitters gave evidence that barriers to widespread use of recycled material exist. For example, LGNSW stated that it 'can be a challenge addressing perceptions of material performance compared to the "virgin" product, work health and safety concerns or price competitiveness'.<sup>82</sup> The South Australian Government noted that in order to support the domestic market for recycled products, it provided funding to a local plastics re-processor so that its products could be tested to meet national standards.<sup>83</sup>

7.70 ResourceCo stated that the Australian Government could particularly influence purchasing outcomes through the harmonisation of road specifications for the increased use of recycled road bases and the increased use of crumbed rubber asphalt.<sup>84</sup>

7.71 Mr Max Spedding, NWRIC, highlighted that in Victoria large quantities of glass are able to be used in asphalt and road base. Mr Spedding pointed to Victoria's 'manageable specifications' for the use of recycled material in infrastructure as assisting in this process. Mr Spedding noted that where specification documents are

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78 Ms Gayle Sloan, WMAA, *Committee Hansard*, 14 March 2018, p. 18.

79 Hunter Joint Organisation of Councils, *Submission 22*, p. 9.

80 Local Government New South Wales, *Submission 13*, p. 4.

81 Ms Gayle Sloan, WMAA, *Committee Hansard*, 14 March 2018, p. 18.

82 Local Government New South Wales, *Submission 13*, p. 4.

83 Mr Vaughan Levitzke, Green Industries SA, *Proof Committee Hansard*, 30 April 2018, p. 37.

84 ResourceCo, *Submission 26*, p. 7.

lengthy or where there 'are a lot more steps in the process...people just don't bother using the material because there are too many traps'. Mr Spedding unfavourably noted the length of Queensland's specification documents.<sup>85</sup>

7.72 Mr Luke Hannan, Manager, Planning, Development and Environment, Local Government Association of Queensland, noted that the Queensland Government is undertaking an urgent review of the technical standards for both road base and asphalt.<sup>86</sup>

7.73 Mr Gregor Riese, Director GCS Consulting, called on COAG to coordinate national standards for the use of all recycled material.<sup>87</sup>

### **Energy from waste**

7.74 The committee received evidence that the Australian Government should support the development of energy from waste<sup>88</sup> (EfW) facilities which would utilise material otherwise disposed of to landfill. It was argued that 'EfW facilities provide a real opportunity in Australia to assist with power supply, as well as manufacturing related jobs'.<sup>89</sup>

7.75 The Hunter Joint Organisation of Councils and LGNSW submitted that EfW is a 'viable option to manage residual waste if no higher order resource recovery opportunities are available, and assuming that appropriate environmental controls are in place'.<sup>90</sup> LGNSW submitted that 'it is preferential for councils to process the waste and generate energy locally, under our environmental controls, rather than shipping it overseas'.<sup>91</sup> The Hunter Joint Organisation of Councils noted that at present, in New South Wales 'a restrictive Waste to Energy Policy creates barriers to the development of EfW facilities'.<sup>92</sup>

7.76 Mr Shmigel, Australian Council of Recycling, offered a more cautious approach to EfW and stated, 'we're not advocates of waste incineration, but we believe it has a place. Refuse-derived fuel is a logical thing to do if you can't get any other

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85 Mr Max Spedding, NWRIC, *Committee Hansard*, 20 November 2017, p. 5.

86 Mr Luke Hannan, Local Government Association of Queensland, *Proof Committee Hansard*, 30 April 2018, p. 15.

87 Mr Gregor Riese, GCS Consulting, *Committee Hansard*, 14 March 2018, p. 8.

88 Also commonly referred to as waste-to-energy.

89 Waste Management Association of Australia, *Submission 52*, p. 15.

90 Hunter Joint Organisation of Councils, *Submission 22*, p. 10; Local Government New South Wales, *Submission 13*, p. 4.

91 Local Government New South Wales, *Submission 13*, p. 4.

92 Hunter Joint Organisation of Councils, *Submission 22*, p. 10.

value of material'.<sup>93</sup> The South Australian Government also noted that while EfW technologies may be useful in addressing niche or residual waste streams, there is a danger that opportunities for recyclable material to be re-used may be lost as material sources are locked into long-term EfW contracts.<sup>94</sup> Similarly Mr Jeffrey Angel, Total Environment Centre/Boomerang Alliance told the committee that using material in EfW plants, particularly as a result of changes to the international market, will 'lose the community and its commitment to recycling'.<sup>95</sup>

7.77 The committee heard that EfW facilities have been developed in other countries such as France. The committee also heard that in order for facilities to be established in Australia there would need to be regulatory and financial support provided by the Australian Government.<sup>96</sup>

7.78 On 27 April 2018, the Minister for the Environment and Energy announced that the Australian Government has requested the Clean Energy Finance Corporation and the Australian Renewable Energy Agency to prioritise waste-to-energy projects.<sup>97</sup>

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93 Mr Peter Shmigel, Australian Council of Recycling, *Proof Committee Hansard*, 30 April 2018, p. 26.

94 Mr Vaughan Levitzke, Green Industries SA, *Proof Committee Hansard*, 30 April 2018, p. 34.

95 Mr Jeffery Angel, Total Environment Centre/Boomerang Alliance, *Committee Hansard*, 14 March 2018, p. 56.

96 See for example, Mr Mark Venhoek, SUEZ Australia and New Zealand, *Committee Hansard*, 14 March 2018, pp. 51–52.

97 The Hon Josh Frydenberg MP, 27 April 2018, <http://www.joshfrydenberg.com.au/guest/mediaReleasesDetails.aspx?id=562>.