

Submission on the Exposure Draft of the Recycling and Waste Reduction (Export – Paper and Cardboard) Rules 2023

September 2023

Status of this Submission

This Submission has been prepared through the Municipal Waste Advisory Council (MWAC) for the Western Australian Local Government Association (WALGA).

WALGA is an independent, member-based, not for profit organisation representing and supporting the WA Local Government sector. WALGA's membership includes all 139 Local Governments in the State. MWAC is a standing committee of WALGA, with delegated authority to represent the Association in all matters relating to solid waste management. MWAC's membership includes the major Regional Councils (waste management) as well as a number of Local Government representatives. This makes MWAC a unique forum through which all the major Western Australian Local Government waste management organisations cooperate.

This Submission was endorsed by WALGA State Council on Thursday 21 September.

Acknowledgement of Country

WALGA acknowledges the continuing connection of Aboriginal people to Country, culture and community. We embrace the vast Aboriginal cultural diversity throughout Western Australia, including Boorloo (Perth) on the land of the Whadjuk Noongar People where WALGA is located, and we acknowledge and pay respect to Elders past and present.

WALGA is committed to supporting the efforts of WA Local Governments to foster respectful partnerships and strengthen relationships with local Aboriginal communities.

Recommendations

- 1. That effective product stewardship be in place, prior to the Export Ban being implemented for paper and cardboard, to reduce the amount of unnecessary paper and cardboard produced, generate markets for recycled material and ensure producers contribute to the costs associated with recycling their products at end of life.**
- 2. That the Federal Government examine the current export market requirements for paper and cardboard and determine if there is a need for further regulation.**
- 3. That to provide certainty to the market, an Export Ban exemption for Paper and Cardboard from Western Australia be granted at least 6 months prior to the proposed 1 July 2024 start date for the Rules.**
- 4. That contingency planning conditions be established to allow the Minister to grant timely exemptions in the event of recycling infrastructure failure due to natural disaster, fire, or financial instability.**

Background

WALGA welcomes the opportunity to comment on the Department of Climate Change, the Environment, Energy and Water (DCCEEW)'s [Exposure Draft of the Recycling and Waste Reduction \(Export – Paper and Cardboard\) Rules 2023](#).

These Rules will complete the Government's commitment to implement Export Bans on glass, plastic, tyres and paper and cardboard. WALGA has previously made [Submissions](#) on the:

- Export Ban Regulatory Impact Statement (RIS)
- Plastic Export Ban Discussion paper
- Plastic Export Ban Rules
- Tyre Export Ban Rules.

In Western Australia most recyclable material has historically been exported. The most [recent data](#) (2020-21) shows that the vast majority of paper and cardboard is exported and 2020-21 data from the Material Recovery Facilities shows that 54% of collected kerbside recyclable material was paper and cardboard (13% old news print, 22% mixed paper/cardboard and 19% cardboard and paper packaging).

As was identified in the Export Ban Regulation Impact Statement, there is limited processing and manufacturing in WA; until this changes export remains a key market for collected material. Funding interventions, in particular the \$174 million [announced](#) in February 2021, was intended to address part of the processing issue. This announcement included \$30 million in State and Federal Government funding towards a 100,000 tonne waste paper and cardboard processing facility in Perth, which has not yet been constructed. At the time of announcement, the media statement indicated "the plant is expected to be operational before the export ban on mixed paper comes into effect". A second round of funding opened in September 2023, with eligible projects including secondary paper and cardboard sorting infrastructure to upgrade fibre quality.

WALGA considers that effective product stewardship schemes are required to ensure producers take responsibility for the products they generate, physically or financially at end of product life. WALGA has advocated for many years to ensure an effective Scheme is in place for packaging. Currently, the Department of Climate Change, Energy, the Environment and Water (DCCEEW) is consulting with industry and government on the development of a reformed regulatory scheme for managing packaging in Australia. To drive the transition to a circular economy for packaging that takes a whole-of-supply-chain approach, the Department is proposing four regulatory scheme objectives to be underpinned by mandatory obligations:

- Ensure all packaging is designed for circularity.
- Increase the amount of reusable packaging.
- Ensure packaging is recovered.
- Increase the amount of recycled content in packaging.

WALGA is working with the Australian Local Government Association (ALGA), and other Local Government Associations, to provide input into the scheme design. However, Environment Ministers won't consider a proposed new framework until 2024, and a Scheme is unlikely to be in place until well after the Export Bans have commenced.

Recommendation: That effective product stewardship be in place prior to the Export Ban being implemented for paper and cardboard, to reduce the amount of unnecessary paper and cardboard produced, generate markets for recycled material

and ensure producers contribute to the costs associated with recycling their products at end of life.

The Rules provide conditions for the export licences for paper and cardboard and set the conditions that the holder of an export licence must meet to export the material. This includes being licenced and providing the Minister with an export declaration for each consignment. The Rules propose that exported cardboard and paper contain:

- 5% maximum contamination rate at the implementation of the ban in 2024
- 3% contamination rate from 2026.

This Submission covers the impact the proposed Rules will have on paper and cardboard recycling in Western Australia, including capacity of MRFs to meet requirements, market constraints and effects and the need for contingency requirements in the event of infrastructure failure.

Material Recovery Facility Capacity

WALGA has sought information on current contamination rates for exported paper and cardboard from Material Recovery Facilities (MRF), with most facilities expressing concern regarding their ability to consistently meet the proposed contamination rate with their existing infrastructure.

Feedback identified that a range of factors affect the contamination rate, including continuous variation in feedstock, resourcing requirements on sorting lines and seasonal impacts, such as wet fibre affecting the accuracy of optical sorters.

Impacts from China Sword in 2018 and other international restrictions have reshaped the export market since the bans were first announced. Feedback from MRFs indicates that paper and cardboard exported from Western Australia is at present subject to strict industry regulation, with requirements set in place by destination markets enforced through regular inspection of loads for export. MRF operators consider that the level of regulation in the current export market is at an appropriate level of maturity to meet quality requirements, and further regulation would be an unnecessary strain on resources.

Recommendation: That the Federal Government examine the current export market requirements and determine if there is a need for further regulation.

Following the introduction of export bans on plastic, MRF operators reported delays of up to six months for an exemption to be granted, leading to stockpiling of material. A similar situation with paper and cardboard would significantly increase the risk to operators stockpiling material on site and degradation of the quality of the product. If an exemption is not granted, or is delayed, landfill may be the only viable disposal option for stockpiled material. It is therefore essential that any ban be underpinned by sufficient resourcing in the Federal Department to quickly process any exemption.

MRF operators have indicated the timeframe for introduction of the ban is not adequate to consider infrastructure upgrades or amendments which would assist in meeting the new targets, or to establish safeguards for potential stockpiling of material in the absence of viable processing options.

It is estimated only a small number of MRFs will be able to meet the proposed contamination levels without significant infrastructure upgrades, with one WA MRF reporting a potential upgrade cost of \$6 million - \$10 million. Operators are also facing

lead times of up to 12 months for equipment such as optical scanners from date of order to installation, which would then require plant shutdowns to retrofit the equipment.

On the basis of these risks and the lack of processing infrastructure in the state, WALGA strongly recommends an exemption be granted for WA exports of paper and cardboard, a minimum of six months before the bans come into effect.

Recommendation: That to provide certainty to the market, an Export Ban exemption for Paper and Cardboard from Western Australia be granted at least 6 months prior to the proposed 1 July 2024 start date for the Rules.

WALGA will continue to work with industry and Local Governments to minimise contamination in the kerbside recycling stream through education and behaviour change initiatives such as the Bin Tagging and Household Hazardous Waste programs funded by the State Government.

Markets in WA

WA’s main market for recycling materials has historically been export. Export Bans have led to increasing costs for recycling. For example, mixed plastic previously had a \$50/tonne export value but is now being transported from WA to South Australia at a cost of approximately \$100/tonne to be sorted – a \$150/tonne impact. Without product stewardship in place, for the materials subject to the ban, prior to implementation, costs will continue to rise.

If paper and cardboard, which represent over 50% of the material in the kerbside bin, cannot be exported, or require significantly more processing prior to export, the impact on the cost of kerbside recycling to Local Government will be significant. Figure 1 shows the projected impact of the Export Bans on gate fees. This was developed by WALGA in 2021 and has been relatively accurate when compared against current pricing.

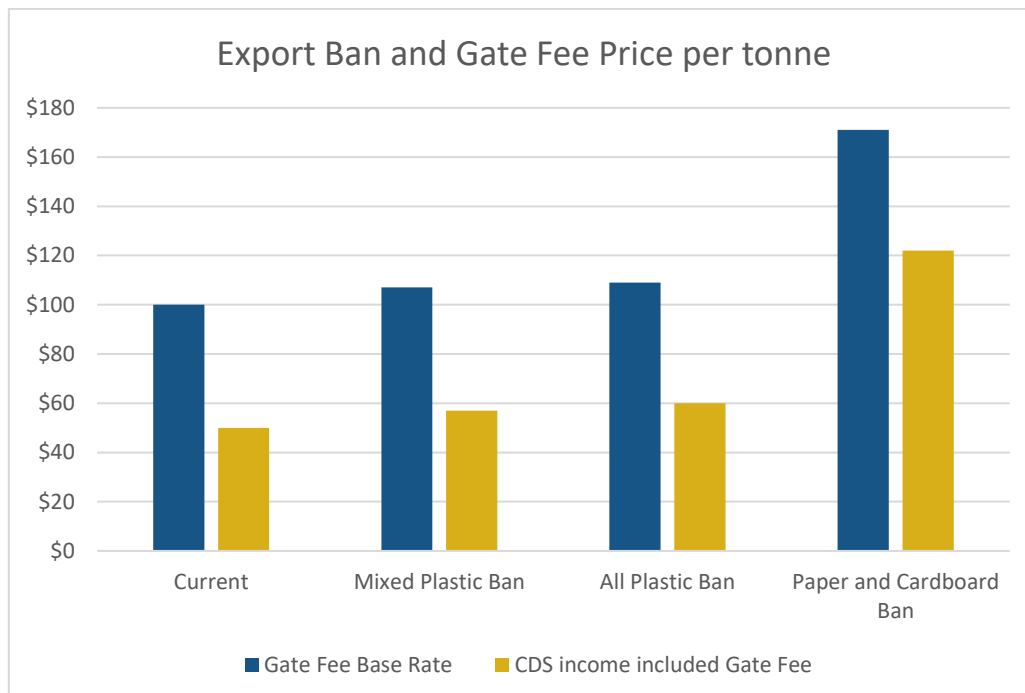


Figure 1: 2021 Projected impact of Export Bans on gate fee for material recovery facility

Contingency Planning

To ensure that material can be recycled, even following emergency events, there is a need for effective contingency planning. For example, should a plant be impacted by natural disaster, including fire, or financial instability which leads to it ceasing operations. Until markets mature, there will be increased risk to emerging companies and developing markets.

WALGA strongly recommends that the Rules provide the Minister with the ability to grant exemptions to the export rules in certain circumstances. For example, if the choice is between export (to a legitimate destination/process) and landfill, that the option of export be allowed. Otherwise, an unintended consequence of the export ban may be that paper and cardboard are landfilled.

Recommendation: That contingency planning conditions be established to allow the Minister to grant timely exemptions in the event of recycling infrastructure failure due to natural disaster, fire, or financial instability.

Conclusion

WA is heavily dependent on export markets to recycle paper and cardboard. The Draft Rules provide for a certain level of contamination, but the additional requirements of the Draft Rules such as licenses for export mean a higher degree of control, and increased regulatory requirements, for material exported. WA does not have any processing infrastructure specifically for paper and cardboard (such as a polishing plant or pulping facility) and is very unlikely to have one in place prior to the export ban requirements.

For the Export Ban to be successful, the necessary conditions include:

- Effective product stewardship for paper and cardboard to:
 - Reduce the amount of unnecessary paper and cardboard produced
 - Generate markets for recycled content
 - Ensure producers contribute to the costs associated with recycling their products at end of life.
- An exemption be granted to export material from Western Australia until processing infrastructure is in place, with the exemption in place six months before the implementation of the ban.
- Processing infrastructure in place in Western Australia to ensure that the material collected through kerbside recycling can meet the contamination levels required by the Rules.
- Contingency planning conditions be established to allow the Minister to grant timely exemptions in the event of recycling infrastructure failure due to natural disaster, fire, or financial instability.