YOUNG AUSTRALIANS in INTERNATIONAL AFFAIRS

AUSTRALIA'S RELIANCE ON FOREIGN RECYCLING PROCESSING

POLICY BRIEF - EMMA FABREGUETTE

EXECUTIVE SUMMARY

Increasing export recycling restrictions, from neighbouring states in China and South-East Asia, has exposed Australia's lack of a self-sustainable recycling processing sector. Until early 2018, cheap foreign waste processing and the profitable international market for waste meant exporting Australia's waste was more cost-effective than processing it domestically. Since, Australia is threatened by discrepancies in its waste production and management, resulting in rapid national stockpiling, toxic contamination, and economic losses.

The Australian Government’s lack of a long-term approach for coping with its waste management domestically now highlights the urgency to transition to a circular economy.

Waste management infrastructure requires improvement, while a sustainable domestic recycling market must be developed. These co-depending factors can only take effect with the fiscal and juridical support of the Australian Government.

This policy brief recommends the following for legitimating a circular economy:

1. Re-allocate use of government funding

Allocate the $100 million government funding for reprocessing facilities and initiatives.

2. Boost coordination efforts

Use the Council of Australian Governments as a platform for the coordination between key stakeholders to develop realistic goals and guidelines for the transition into a circular economy.

3. Improve legitimation

Revise, expand and reinforce the *Product Stewardship Act 2011* and 2009 National Waste Policy to encourage a domestic recycling market.

BACKGROUND

Since January 2018, the introduction of China's National Sword initiative and Blue Sky program have resulted in the rejection of over 99 per cent of Australia's exported recycled material.[1] These initiatives set a stringent standard for contamination at 0.5 per cent in imported material and restricted 24 types of solid waste.[2] China's move, as well as a reputation that Australia treats South-East Asia "like trash"[3] as a destination for resolving its waste problem, has led to other countries imposing bans.[4] This has not only raised regional tensions and damaged Australia's reputation, but revealed the deficiencies of Australia's waste and management recovery system.[5]

China's policy has exposed Australia's dependence on foreign recycling facilities, for 30 per cent of its waste is exported to 100 countries.[6] As a consequence, an extra annual 1.2 million tonnes (mt) of recyclable material remains unprocessed in Australia, which only has a 2.4 mt/year recycling capacity.[7] A 50 per cent increase of Recycling material puts immense pressure on the limited domestic Materials Recovery Facilities (MRF), resulting in stockpiling, toxic waste, economic losses, and detrimental environmental effects.

A challenge for Australia stems from complexities within the Waste Management and Recovery Industry. While the government regulates most of the collection and transfer of waste, the remaining areas (sorting, recycling and repurposing, and landfill) are primarily outsourced to the private sector.[8] Despite waste services being under the *Essential Services Act 1988*, infrastructure development has become reliant on domestic economic market opportunity.[9] However, until 2018, it was cheaper and profitable for Australia to send its waste overseas, thus resulting in a disproportionate ratio of waste/recycling material to domestic MRF capacity/landfills.[10]

The collapse of export havens has also resulted in an economic downfall on international prices for recycling material as there is more supply than demand. While Australia was once selling mixed paper and plastic for $250-400 a tonne, it now sells for $0-80, affecting over $523 million worth of export materials.[11] As such, there have been varied responses across Australia's states and territories to mitigate these losses and adapt to managing its waste/recycling.

Some states, such as Victoria, are pursuing a circular economy,[12] while others are lagging in developing a coherent response to the waste and recycling crisis.[13] While the Commonwealth Government has allocated $100 million towards recycling reformation, it has not released a clear policy plan.[14]

THE PROBLEM

Australia's reliance upon exporting its waste and recycling due to low-cost foreign processing and profitability has exposed its negligence in developing a self-sustained recycling market. Decreasing international recycled material prices and foreign havens following China's ban underscores the need to move away from 'production-to-disposal' and instead towards a circular economy,[15] as Australia's 64 million tonnes of annual waste exceeds its current recycling capacity.[16] The impact of export recycling restrictions from neighbouring states in China and South-East Asia has meant increasing domestic stockpiling in landfills and illegal dumping.[17] This has estimated to cost over $50 million in lost revenues for Queensland annually alone.[18]

This policy brief identifies the lack of coherency and consistency in the Department of Environment's policies towards waste/recycling as a threat beyond illegal domestic dumping and stockpiling, extending to broader environmental implications.[19] Methane emissions, for example, coming from organic waste, are found to be 30 times more potent than carbon dioxide (CO2).[20] It is also in the interest of the Australian Government to take the initiative as a regional leader for the acceleration of a circular economy to mitigate the threat of upsetting its economic and diplomatic relationships with its regional neighbours.

POLICY RECOMMENDATIONS

The head of the National Waste and Recycling Council noted that only through a circular economy, an economic system in which material is reused to minimise waste, can Australia manage its waste in the long term.[21] This brief suggests the following recommendations to achieve this:

1

Re-allocate use of government funding

The current government has guaranteed $100 million for recycling initiatives which can be used in the following categories.[22]

1.1 Increasing MRF quantities and capacities [23] in response to domestic recycling material supply and contamination limits. The estimated cost is $33 million for 100,000t of MRF material.[24]

1.2 Building two plastic reprocessing facilities with a 20,000t/year capacity to respond to an extra 40,000t of annual plastic previously sent to China would cost $8-14 million.[25]

1.3 An extra 16, 000t of glass will remain in Australia, requiring at least one glass reprocessing facility with a 60,000t/year capacity.[26] This would cost $8m.[27]

2

Boost coordination efforts

The Australian Government should expand the role of the Council of Australian Governments (COAG) concerned with waste management and coordination meetings. While bringing together the relevant environment/waste ministers from each state and territory, key stakeholders affected by or knowledgeable on the waste industry should be encouraged to participate. Likewise, regular meetings should be scheduled to track the process and keep national data on the advancement of each state and its adoption of previous agreements. This would allow broad but high-value coordination between leaders in fields of business, politics, research, and science to assist in the acceleration of Australia's shift towards a national recycling market.

3 Improve legitimation

The Government should strengthen the *Product Stewardship Act 2011*,[28] expanding beyond just electronic to white-goods, mattresses, and bulky items.[29] Shifting and expanding the Act from voluntary to mandatory will establish confidence for a domestic market.

Furthermore, it updates the 2009 National Waste Policy to support Australia's transition to a circular economy, making recycling a state priority and issue. The government should mandate industries in plastic and non-recyclable manufacturing to transition to the use of sustainable material in a reasonable amount of time (max. 5 years) to strengthen the demand in the recycling market.

This will simultaneously promote Australia as a regional and middle power doing its part.

CONCLUSION

A transition to a circular economy best responds to the challenges caused by the increasing domestic waste volumes and the uncertainty of international circumstances. This can only be achieved through government initiatives to trigger a recycling market, improve and expand recycling infrastructure, legitimise policies, and legislation to support the transition to a circular economy, and support platforms of coordination between key stakeholders affected by these changes. Australia must use this opportunity to regain greater self reliance in the management of its waste and recycling.

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[4] United Nations Environmental Programme (UNEP), 'Basel Convention Text', in Basel Convention. 2011, viewed 3 April 2020 at http://www.basel.int/TheConvention/Overview/TextoftheConvention/tabid/1275/Default.aspx

[5] As it received 75 per cent of the Western world's waste, which is often hazardous. Greenpeace noted that in Malaysia, imported plastic increased by 270 per cent after China's initiative due to the redirection of trash by countries such as Australia.

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[9] Ibid., pg. 33.

[10] Ibid., pg. 11.

[11] Ibid., pg. 4.

[12] Victoria announced in February 2020 a $300 million action plan to transition itself into a circular economy over the next decade.

[13] Victorian Government, 'Transforming recycling in Victoria', in Victorian Government. February 2020, viewed on 2 April 2020 at https://www.vic.gov.au/transforming-recycling-victoria

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[21] Senate, '2018 Environment and Communications References Committee', pg. 85.

[22] Liberal Party, 'A Cleaner Environment For All Australians.'

[23] Separation and enhanced decontamination.

[24] Ritchie, 'China National Sword: The Role of Federal Government', pg. 8.

[25] Ibid.

[26] National Waste and Recycling Taskforce, 'Banning exports of waste plastic, paper, glass and tyres', in Department of the Environment and Energy. November 2019, viewed on 2 April 2020 at https://www.environment.gov.au/system/files/consultations/bf403fda-b6d7-4476-9c6f-5627502d52a4/files/waste-export-ban-discussion-paper-november-2019.pdf

[27] Ritchie, 'China National Sword: The Role of Federal Government', pg.8.

[28] Management of production, selling and repurposing of products lifecycle.

[29] Senate, '2018 Environment and Communications References Committee', pg. 118.

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