



WESTERN AUSTRALIAN
LOCAL GOVERNMENT ASSOCIATION

WALGA Submission on the Used Industrial Plastics in Western Australia – Waste Management Practices and Potential Recycling Strategies

Status of this submission

This submission has been prepared through the Municipal Waste Advisory Council (MWAC) for the Western Australian Local Government Association (the Association). The Municipal Waste Advisory Council is a standing committee of the WA Local Government Association with delegated authority to represent the Association in all matters relating to solid waste management.

In addition to general consultation, MWAC held a workshop open to all Local Government representatives to elicit direct feedback on the Investigation. The workshop was attended by 33 Local Government representatives (16 metropolitan and 10 non-metropolitan and 7 Regional Government representatives). Discussion from the workshop is the primary driver for this submission.

Summary

This submission is divided into two parts. The first part identifies issues that the Association considers should have been addressed more fully in the report. It also discusses a number of industrial plastics management options that the report did not cover. The second part of the submission specifically responds to the options suggested in the report for improving the volume of industrial plastics recycled. Local Government recommendations for the options it considers necessary for managing industrial plastics are provided.

In summary, the overall usefulness of this report is questioned by Local Government. The commercial information required to justify the need for an investigation into industrial plastics waste management, and to draw conclusions on best practice management options, was not available. The report itself acknowledges this problem. As such, the following comments are provided with the caveat that the adoption of any of the suggested measures should be preceded by an empirical defining of the issue.

It is the belief of Local Government that industrial plastics are unlikely to present a significant waste management issue in their own right. In any case, the problems of recycling and reusing industrial plastics are unlikely to differ significantly from the issues involved in general post-consumer plastics recycling. That is, the issues presented by supply and demand, quality concerns, the cost of virgin materials vs. recycled resins, apathy, the cost of collection, the lack of markets, the potential impacts of biodegradable plastics, and the lightness of material lessening the impact of the landfill levy on disposal costs. Therefore, the separation of industrial and other plastics in regard to general recycling management practices appears to be fairly superfluous.

WALGA Recommendations

WALGA Recommendation 1: That preceding the implementation of any management options outlined in the report, the Waste Management Board work in partnership with PACIA and other relevant stakeholders to identify the volume, types and management issues of industrial plastics in WA.

WALGA Recommendation 2: That a range of Extended Producer Responsibility (EPR) schemes be investigated as options for increasing the amounts of plastics recycled and re-used in WA; and that such schemes are introduced as appropriate.

WALGA Recommendation 3: That tax incentives be investigated as a tool for encouraging the recycling and use of industrial plastics (and other recycled materials); and that the State commit to actively lobbying the Federal Government to introduce such an incentive if this is found to be appropriate.

WALGA Recommendation 4: That the Board investigate mixed plastics to diesel as a market for plastic waste and, if appropriate, identify appropriate mechanisms to develop waste plastic to diesel programmes in WA.

WALGA Recommendation 5: That the State Government commit to lobbying the Federal Government to reconsider the changes to the fuel excise ruling with regard to the negative impact of the changes on alternative fuel research and development.

WALGA Recommendation 6: That the plastics industry, through their peak body PACIA, develop and implement a free advisory service for all stakeholders in the plastics supply and disposal chain.

WALGA Recommendation 7: That if a Waste Exchange Database is implemented, greater consideration should be given to –

1. Identifying adequate and ongoing resourcing;
2. The inclusion of all recycled products;
3. The most appropriate body to manage the database; and
4. The benefits of nationalising the scheme.

WALGA Recommendation 8: That the production of a Zero Waste Plans be used as the mechanism for allowing access to Landfill Levy funds for appropriate industry schemes.

WALGA Recommendation 9: That grants for industrial plastics recycling infrastructure only be considered as a general SWIS application.

WALGA Recommendation 10: That the State investigate the introduction of a new scheme of low interest, outcome-tied loans to support the general development of post-consumer products recycling infrastructure.

WALGA Recommendation 11: That, with government support, the plastics industry, through their peak body PACIA, identify, develop and implement appropriate industry programmes for the management of plastic waste.

WALGA Recommendation 12: That State support for MRF plastics recovery be focused on overcoming existing issues; in particular through the development of market demand for the plastic materials recovered.

WALGA Recommendation 13: That a comparative investigation into the costs and benefits of a range of potential markets for used plastics be conducted.

WALGA Recommendation 14: That an increase to the landfill levy only be considered as a complementary tool to support the development of alternatives to landfill.

Part 1: General Issues

Information in the Report

It is considered that the problems experienced by the consultant in collecting information relating to the volume of recycled plastics in Western Australia is the key limitation of the report overall. The report itself states that empirical knowledge of used industrial plastics volumes and waste management options utilised 'is essential before any recycling strategies are implemented'. This is agreed; and is identified as the primary action to be taken before any of the report options are considered. Whilst the extent and nature of used industrial plastics waste to landfill is unknown, it is not possible to judge which measures and what level of expenditure should be committed to dealing with the problem.

It is noted in the report's review of other jurisdictions that the peak body of the Australian plastics industry– the Plastics and Chemical Industry Association (PACIA) – has partnered EPA Victoria in producing a Plastic Waste Resource Map. This map shows the plastic waste types and amounts across Victoria 'to enable more accurate business planning for recycling and recovery of plastics'. This is an example of the type of action that is considered essential to better clarify the issues with industrial plastics recycling before general actions are taken.

WALGA Recommendation 1: That preceding the implementation of any management options outlined in the report, the Waste Management Board work in partnership with PACIA and other relevant stakeholders to identify the volume, types and management issues of industrial plastics in WA.

Lack of Focus on Industry Responsibility

The Association considers that the management of industrial plastics waste is the primary responsibility of the producer. The producer is best placed to address the barriers to increasing the amounts of plastics recycled and re-used. In particular, design of the product for re-use or recycling, financial incentives for collectors and recyclers, market creation and waste data generation are all barriers that are best achieved through Extended Producer Responsibility (EPR) for a product. The Viscount Plastics, DSL Packaging and drumMUSTER case studies provided in the report are all examples of where industry has taken responsibility for their product and recycling and re-use has been greatly improved as a result.

Different types of industrial plastics, and indeed post-consumer plastics generally, vary markedly in their general characteristics and therefore the best practice for their management also varies. It is not suggested that a single type of EPR scheme could be effectively applied across the board. In fact, in the case-studies provided, Viscount Plastics uses a deposit scheme; DSL Packaging a 'take-back' tracking scheme; and drumMUSTER an industry levy. It is therefore considered that a range of EPR schemes should be investigated in the context of increasing the amounts of plastics recycled and re-used in WA.

WALGA Recommendation 2: That a range of Extended Producer Responsibility (EPR) schemes be investigated as options for increasing the amounts of plastics recycled and re-used in WA; and that such schemes are introduced as appropriate.

Tax Incentives for Plastics Recyclers

The report proposes two options for making recycled plastics more economically competitive; a rebate for each tonne of waste recycled and an escalation in the landfill levy. Both these options are rejected by Local Government for reasons outlined in Part 2 of this submission. However, the general intent of providing support for used plastic recycling is supported.

An option not considered by the paper is the use of tax incentives. As tax can only be imposed federally, this option would necessarily involve lobbying the Federal Government. Recycled plastics could be given a tax exemption along the lines of the tax break given to primary industries such as plantations. There is some risk that this might be used as a tax avoidance vehicle, thus impeding real research and development in the industry. However, this could be managed through careful investigation of where the exemption should be applied. For example, the exemption could be given on the sale of recycled plastics. It is considered that a tax exemption could also be applied to recycled materials other than plastics and would be in-line with reducing dependence on virgin materials and working Towards Zero Waste.

WALGA Recommendation 3: That tax incentives be investigated as a tool for encouraging the recycling and use of industrial plastics (and other recycled materials); and that the State commit to actively lobbying the Federal Government to introduce such an incentive if this is found to be appropriate.

Mixed Plastics Waste to Diesel Fuel

In its review of markets for mixed plastics waste, the report fails to address the potential of used plastics as an energy source; in particular the opportunity of converting mixed plastics to diesel fuel. This is considered a major oversight that needs to be addressed. Technology (developed in Australia by Ozmotech) that enables mixed plastics to be converted to diesel fuel is already being used around the world. The technology was intended for use in Australia, but major investment was cancelled when the Federal Government changed a ruling that had made the fuel from recycled plastics excise free. However, prior to this ruling, Axiom Energy had outlined plans for opening 15 plants across Australia and predicted they could use 100,000 tonnes of plastic waste (sourced from VISY collections) annually.

The validity of Axiom's claims has not been investigated in depth by the Association. It is never-the-less evident that this technology at least has the potential to provide a substantial market for used plastics. It is strongly suggested that the Waste Management Board investigate the applicability of this technology in Western Australia and, if appropriate, identify potential support for waste plastic to diesel programmes to be instituted at the State level. Local Government has also committed to continuing to lobby the Federal Government to reconsider the changes to the fuel excise ruling; and suggests that the State Government also commit to this. Beyond the issue of waste plastics, it is evident that the Federal Government ruling acts to impede important research and development for alternative fuel sources.

WALGA Recommendation 4: That the Board investigate mixed plastics to diesel as a market for plastic waste and, if appropriate, identify appropriate mechanisms to develop waste plastic to diesel programmes in WA.

WALGA Recommendation 5: That the State Government commit to lobbying the Federal Government to reconsider the changes to the fuel excise ruling with regard to the negative impact of the changes on alternative fuel research and development.

Part 2: Comments in regard to proposed report options

Report Option 1: Tracking of used industrial plastics

It is agreed that a better understanding of industrial plastic types and quantities is required before appropriate waste management tools can be introduced. However, it is questioned whether a system as administratively intensive as the UK Waste Transfer Notes (WTN) system is necessary. There is simply not enough information to judge whether waste plastics are a significant enough issue to justify the introduction of an expensive tracking system.

It is considered that a far simpler method of tracking could be the application of financial incentives through Extended Producer Responsibility (EPR) managed by the plastics industry. As discussed previously in Part 1 of the submission, where extended producer responsibility is used, the tracking and re-use or recycling of plastics is greatly improved. Taking the Viscount Plastics deposit scheme as an example, although 10 percent of crates may be lost annually, a 90 percent recovery is far superior to the general plastics recovery rate.

EPR is considered to have several advantages over a WTN-like scheme –

- A WTN-like scheme appears unsuitable for tracking plastics such as polyethylene wraps. Conversely, EPR schemes are more adaptable. For instance, a per-tonne advanced disposal fee could be applied to all retailers (or manufacturers and importers) of polyethylene wraps. The fee could be industry managed (possibly through PACIA) and be used to subsidise a payment to plastic recyclers for each tonne of that plastic type processed. Accurate plastic sales and recycling figures could be produced through the industry body, but individual company details could remain confidential.
- The cost to government for the enforcement of an EPR scheme is significantly lower than a WTN like scheme, as the responsibility for producing information is self-regulated by industry.
- The administrative burden for both industry and government is likely to be less for most types of EPR schemes than a WTN like scheme

See WALGA Recommendation 2; with an additional focus on the capacity of an EPR scheme to produce accurate waste information whilst minimising cost and administrative burdens on government and industry.

Report Option 2: Free advisory service for manufacturers

The benefits of an advisory service are acknowledged. However, it is questioned whether government is best placed, or indeed has the skills and knowledge, to run such a service.

- The recommendation states that the advisory service should increase the competitiveness, resource efficiency, environmental performance, and profits of the plastics industry. It is suggested that such goals are really an industry peak body responsibility and that therefore the Plastics and Chemicals Industry Association (PACIA) would be better placed to develop and implement such a programme and to disseminate the information to members.
 - It is noted in the report that PACIA has undertaken this type of role in other states. In New South Wales, PACIA has committed to eliminating plastic waste from landfill through providing guidance through the supply chain stewardship. In Victoria, they have actively partnered the development of the Plastic Waste Resource Map and the Automotive Plastics Management Project.
- It is considered that the effectiveness of the advisory service would be improved if it included all groups in the plastics supply chain; including manufactures, collectors and processors. PACIA states that they represent all commercial players in the plastics supply chain, so they are likely to still be best place to provide this service.
 - However, the service should also have consideration for non-commercial entities, such as Local Government. Although smaller players, Local Government picks-up used plastics as part of kerbside collections and manages used plastics at municipal landfills.
- Given the overlap between the recycling processes of all plastics (including post-consumer packaging), it is considered that the advisory service should incorporate all types of plastic. Again, PACIA is considered well placed to develop and implement such a service. They are the peak body for all plastic types and act as the representative of the plastics industry on the National packaging Covenant committee.

WALGA Recommendation 6: That the plastics industry, through their peak body PACIA, develop and implement a free advisory service for all stakeholders in the plastics supply and disposal chain.

Report Option 3: Waste Exchange Database

The benefits of a waste exchange database are not disputed. However, it is noted that waste exchange databases have been previously started twice by the Government in WA and folded on both occasions. It is suggested that consideration should be given to vesting the management of the waste exchange database with PACIA; as again, they may be better placed than the government to run such a service. This suggestion is made in the context of a plastics only database. If the database is envisaged to incorporate all recycled products, it should be vested with the State. However, industry expertise and contribution should still be sought.

It is also considered that the WA market may be too small to be sustainable in its own right; with most recycled products going overseas or interstate in any case. Therefore,

to be sustainable in the long-term, it is considered that Waste Exchange database should be nationally linked.

WALGA Recommendation 7: That if a Waste Exchange Database is implemented, greater consideration should be given to –

- 1. Identifying adequate and ongoing resourcing;**
- 2. The inclusion of all recycled products;**
- 3. The most appropriate body to manage the database; and**
- 4. The benefits of nationalising the scheme.**

Report Option 4: Payment for waste recycling

The report mistakenly states that Local Government receives payments for recycling post-consumer materials, including plastics, through the RRRS. This is no longer the case, as the Waste Management Board finished the RRRS scheme in 2006. This is a significant error as the RRRS scheme was disbanded on the basis that basic payments for recycled tonnages were considered ineffective by the WMB. Given this reasoning, the option of providing industry with payments for tonnages instead of Local Government is highly questionable.

- In the future, it is intended that Local Government will have to produce Zero Waste Plans to access Landfill Levy Funds to assist with recycling programmes. It is considered that industry should have to produce similar plans to demonstrate how their programme contributes to the State Waste Strategy.
- In the absence of Zero Waste Plans, it is considered that it is the responsibility of industry through EPR schemes to provide financial incentives for waste recycling.

WALGA Recommendation 8: That the production of a Zero Waste Plans be used as the mechanism for allowing access to Landfill Levy funds for appropriate industry schemes.

Report Option 5: Infrastructure Grant Scheme

This recommendation is supported, on the proviso that the grant scheme operates through the WMB Strategic Waste Initiative Scheme (SWIS). There is no evidence that industrial waste plastics justify an infrastructure grant scheme in its own right.

- The report provides South Australia as an example of a jurisdiction using grants to provide support for the development of recycling infrastructure. However, this scheme covers all commercial and industrial materials; not just plastics. Further, the chart on page 31 shows that South Australia recycles only 8 percent of its industrial plastics. Therefore, it is considered that this example does very little to justify this option.
- A suggested alternative option is a system of low-interest loans, possibly with conditional outcomes built-in. It is suggested that this scheme would extend in the same way as the SWIS grants to include all post-consumer recyclables. However, it is considered that a loan, particularly one with tied-outcomes, presents less financial risk to the Government; allowing a wider variety of applications to be supported.

WALGA Recommendation 9: That grants for industrial plastics recycling infrastructure only be considered as a general SWIS application.

WALGA Recommendation 10: That the State investigate the introduction of a new scheme of low interest, outcome-tied loans to support the general development of post-consumer products recycling infrastructure.

Report Option 6: Industry Sector Programmes

This recommendation is supported; but it is suggested industry sector programmes should be lead by industry rather than government. As with the advisory service, it is considered industry peak bodies, such as PACIA, are best placed to drive industry sector programmes as they have the knowledge and the connections with operators. However, it is acknowledged government may be required to play an active support role through financing or instituting regulatory underpinnings to remove free-riders.

- The New Zealand Plastics Best Practice Programme is a good example of what can be achieved through the expertise of industry, with government playing a support role. This package was spurred by the threat of legislation to introduce EPR for plastics and regulation may yet be required, but it is clearly a move in the right direction for the New Zealand Plastics Industry.

WALGA Recommendation 11: That, with government support, the plastics industry, through their peak body PACIA, identify, develop and implement appropriate industry programmes for the management of plastic waste.

Report Option 7: Material Recycling Facility (MRF) for Commercial and Industrial Waste

This recommendation is not supported as it is considered that the information currently available on the volumes of industrial plastics being produced is insufficient to justify the development of a MRF for commercial and industrial waste.

- It is noted that there are currently MRFs that deal with commercial and industrial waste; but these have operational issues with contamination of product and are strongly impacted on by markets. It is suggested that any support for MRFs should be focused on overcoming the operational problems of existing MRFs (including Local Government MRFs); in particular through the development of market demand for the plastic materials recovered.

WALGA Recommendation 12: That State support for MRF plastics recovery be focused on overcoming existing issues; in particular through the development of market demand for the plastic materials recovered.

Report Option 8: Market Development via Government Procurement

No empirical support is given for the statement that government procurement would 'rapidly create a large demand for recycled materials'. It is in fact questioned how large the WA government market for recycled plastics products, such as 'plastic lumber', would be. Government specifications for the robustness of public equipment (seats, playground equipment, signs etc.) are high, with a medium to long life-span expectation. This raises two issues. The first is that it would have to be demonstrated that recycled plastic can meet the specifications for robustness. The second issue is that, if the specified robustness is achieved, the available market may be reduced; given the need to replace the product would be reduced. Government would also expect 'plastic lumber' to be cost competitive against timber products, incorporating the transport costs of the product.

- It is suggested that the potential of the government procurement market needs to be investigated in greater depth. The investigation should include a comparison with other potential markets; including the potential of the mixed plastics to diesel fuel market discussed in part 1 of this submission; and the possibility of developing a national market through the introduction of a Federal procurement policy.

WALGA Recommendation 13: That a comparative investigation into the costs and benefits of a range of potential markets for used plastics be conducted.

Report Option 9: Landfill Levy escalator

The Waste Management Board and State Government of WA have already outlined a series of future increases to the landfill levy that will 'make recycling more cost competitive' and 'provide a strong signal to industry that waste disposal will only get more expensive.' As such, it is not considered that this report option adds anything new to existing waste management proposals. It should also be noted that the lightness of plastic means that, even with an increase in the Levy, plastics will remain comparatively cheap to dispose of to landfill. Only a differentiated levy, setting a comparatively high charge for the disposal of plastics to landfill, is likely to have the desired impact. However, this option would have to be thoroughly investigated before introduction.

- It is considered that promoting alternatives to landfill is a demonstrably more effective method than a landfill levy for directly diverting plastic waste to recycling and re-use. Local Governments have generally expressed a willingness to operate collection points at landfills and transfer stations for plastics and other recyclable materials. However, to be effective, they require appropriate financial and operational support and an assured end-market for the collected materials. Increasing the landfill levy without introducing complementary collection and disposal alternatives clearly risks a significant increase in illegal disposal. By contrast, a system such as drumMUSTER is clearly an effective means of diverting plastic waste and has the additional advantage of minimising the risk of illegal disposal.

WALGA Recommendation 14: That an increase to the landfill levy only be considered as a complementary tool to support the development of alternatives to landfill.