

Review of the Recycling and Waste Reduction Act (2020)

Ai Group submission to the Federal Department of Climate Change, Energy, the Environment and Water

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Executive Summary

The Australian Industry Group (Ai Group®) welcomes the opportunity to make a short submission to the Department of Climate Change, Energy, the Environment and Water (the Department) addressing the state of play with Australia's *Recycling and Waste Reduction Act (2020)* (the act) and broad directions for improvement.

Key messages from our submission include:

- Businesses need a supportive and cohesive policy environment to develop circular economy industries and propel the transition.
- The federal government should work towards minimising the regulatory complexity for doing business in Australia's small market.
- Federal agency purchasing decisions can drive circular economy transition. Procurement processes should be designed to deliver environmental and economic value. This includes considering whether the procurement need can be satisfied by higher-order R-Strategies¹ for circular economy, such as repair or refurbishment, as well as the inclusion of recycled content and lower embodied carbon products.
- Current efforts to develop mandatory product stewardship schemes have been slow and delayed.
- Additional support and clear legal requirements for collaboration are needed to propel the development of new product stewardship and circular material markets, while still complying with all international trade requirements.
- Work should resume on e-waste stewardship.

¹ European Commission , Categorisation System for the Circular Economy, 2020, https://circulareconomy.europa.eu/platform/sites/default/files/categorisation_system_for_the_ce.pdf - accessed 24/02/2025

Comments on Current Environment

Slow progress is being made towards the overall goal for creating a circular economy by 2030.

Industry welcomes the federal government's support for the increase in our capacity to recover and source secondary materials in Australia.

We appreciate that the Department is working to reform the existing packaging regulations and giving any reforms due consideration to make changes to the system fit-for-purpose.

The National Television and Computer Recycling Scheme is performing well within its existing scope. However, many electrical and electronic items are out of scope; as a result, there is both significant by-catch of uncovered items at the cost of suppliers of covered goods, and a large volume of devices reaching end-of-life are not being recovered.

Industry values the role that voluntary product stewardship plays in the current circular economy landscape. However, there are significant hurdles in businesses collaborating to create new product stewardship.

Procurement practices at the Federal level have begun to incorporate circularity into their decision-making processes.

Potential opportunities for improvement

Investment in and policy enablement of our national recycling capacity

Australia needs further investment in and policy enablement of our national recycling capacity, particularly for currently difficult-to-recycle materials and materials in high demand with few current onshore suppliers.

Enablement involves policy advancement to allow better uptake of secondary materials all areas; to enable businesses to invest in research and development to improve the circularity of their products; and in some instances, to allow for businesses to incorporate higher order R-Strategies into their practices.

Federal Government procurement

Federal government procurement policies can contribute to the formation and growth of markets for circular products and materials. They have begun to incorporate circular economy considerations, the introduction of these policies must also be navigable for tendering businesses, particularly for small-to-medium enterprises (SMEs).

Procurement should also focus on real performance outcomes, in addition to documentation. The recent work on the Environmentally Sustainable Procurement Policy, and underlying categories has been cautiously welcomed, with some concerns over the implementation timelines being unrealistic.

Recycled Content

Our members appreciate that the Department has acknowledged the range of quality levels in existing recycled materials in their recent work. Many members are working to include or are already including, recycled content in their products and packaging

Some of our members have struggled to access suitable recycled materials for inclusion in their products.

Another has raised that they have experienced issues in intentional downgrading of cardboard density (lightweighting) in their packaging to achieve a higher recycled content percentage which has caused critical failure in some of their product packaging. This had significant financial impacts for the business.

This reflects the broader challenges facing industry balancing environmental performance and product performance. There is a role for international and Australian standards in ensuring that where recycled content is used, it does not compromise the functional integrity of the item.

Mandatory Product Stewardship

Where mandatory product (or co-regulatory) stewardship is pursued, industry must be involved in the design of the system.

Any legislated recovery targets must be realistically achievable, particularly during the phase-in. Reporting requirements must also not be so burdensome that it inhibits participation in the category, particularly for SMEs.

Some members have suggested mandatory product stewardship as a preferred method of preventing free-riders. Others have suggested where mandatory schemes are implemented, consideration should be given to organisations who already participate in voluntary product stewardship or in-house take-back programs.

Voluntary Product Stewardship

We have had members comment on how difficult it is to engage in the beginning stages of voluntary product stewardship, which is inherently a collaborative activity, and the real risk of being, or being perceived to be, in breach of the *Competition and Consumer Act (2010)*.

Product design has significant impacts on the potential for product stewardship schemes to be able to collect and process target products for highest-value outputs.

Discussions need to be had by participants from all points in the product's life cycle, to understand the most circular outcome for a product and what design choices achieve such an outcome. This is particularly challenging where design standards do not exist for a product, or there are a limited number of producers.

One member dealing with low-value, high-volume products has raised that the lack of design standards, and producer collaboration on design choices, limits the recoverability of the product and the financial viability of diverting the waste from landfill.

While the Australian Competition and Consumer Commission (ACCC) has released guidance material on sustainable collaborations², some members have raised that further protections for actions directly related to establishing product stewardship may be needed to further encourage voluntary stewardship.

Another member has also raised the start-up costs for establishing product stewardship organisations or Product Responsibility Organisations (PROs) can be significant, particularly when shouldered by only a small number of producers. The establishment of PROs currently requires ACCC authorisation, which can be a lengthy process.

Minister's Priority List

The minister's priority list has been seen by some members as ineffective.

In some instances, products have remained on the list for years (e-waste, photovoltaics) and have still not been addressed through meaningful, scaled product stewardship. This can financially penalise early-adopters, who opt in to product stewardship, before finding that there is no requirement for others to participate.

While we appreciate these products can be complex and need deep and detailed responses to ensure they are responsibly recovered at end of life, in the case of e-waste and photovoltaics they have been on the Minister's list since 2016/2017.

Work on e-waste stewardship paused indefinitely in May 2024 to enable development of other schemes. Without taking away from the importance of other narrower arrangements, such as for solar panels and batteries, industry strongly considers that work on e-waste product stewardship should be resumed to address one of the fastest growing waste streams³, which has a significant risk profile, particularly for products with embedded batteries. This waste type should also be made more visible in national waste reporting, given components of e-waste cover a number of current waste categories (glass, metals, plastics, etc).

Export of Scrap Steel

Members have raised the issue of steel recycling and the treatment of scrap steel under the act. Recycling steel with an Electric Arc Furnace (EAF) needs a steady supply of high-quality scrap steel. The quality of this scrap can influence the types of steel that can be made in an EAF. Most scrap comes from products such as cars and white goods which often contain impurities. This can make it difficult for EAFs to produce certain types of steel with highly specific performance requirements.

² ACCC, Sustainability collaborations and Australian competition law, 2024, https://www.accc.gov.au/system/files/sustainability-collaborations-and-australian-competition-law-guide_1.pdf, accessed 24/02/2025

³ Statista, Global e-waste - statistics & facts, <https://www.statista.com/topics/3409/electronic-waste-worldwide/#topicOverview>, accessed 24/02/2025

Right now, some of Australia's scrap stream, about 1 million tons per year, is being exported without being processed to remove associated plastics, textiles and other contaminants. Australia has export restrictions on unprocessed plastics, glass and tyres to prevent these materials from being dumped overseas rather than processed responsibly here. Applying these restrictions to unprocessed scrap would close a loophole in existing standards, help the environment globally and also provide more scrap for recycling within Australia's steel industry.

About Australian Industry Group

The Australian Industry Group (Ai Group®) is a peak national employer organisation representing traditional, innovative and emerging industry sectors. We have been acting on behalf of businesses across Australia for 150 years.

Ai Group and partner organisations represent the interests of more than 60,000 businesses employing more than 1 million staff. Our membership includes businesses of all sizes, from large international companies operating in Australia and iconic Australian brands to family-run SMEs. Our members operate across a wide cross-section of the Australian economy and are linked to the broader economy through national and international supply chains.

Our purpose is to create a better Australia by empowering industry success. We offer our membership strong advocacy and an effective voice at all levels of government underpinned by our respected position of policy leadership and political non-partisanship.

With more than 250 staff and networks of relationships that extend beyond borders (domestic and international) we have the resources and the expertise to meet the changing needs of our membership. We provide the practical information, advice and assistance you need to run your business. Our deep experience of industrial relations and workplace law positions Ai Group as Australia's leading industrial advocate.

We *listen* and we *support* our members in facing their challenges by remaining at the cutting edge of policy debate and legislative change. We *provide solution-driven* advice to address business opportunities and risks.

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