



MEDIA RELEASE

INNOVATIVE INCENTIVES TO REDUCE PLASTICS: NEW ANALYSIS FROM ECONOMIC POLICY EXPERT

An independent [policy discussion paper](#) has recommended a better targeting of Australia's \$1.5 billion in collected annual waste levies and a new Plastic Reduction Offset Scheme to improve Australia's chance of meeting ambitious national recycling targets and waste export bans.

Earlier this year the peak body for Australia's recycling industry, the Australian Council of Recycling (ACOR), commissioned economics policy expert Peter Crone to develop a discussion paper on potential incentives to support recycling manufacturing in Australia. Peter has 30 years of experience advising on public policy, regulation and strategy, and has held senior roles advising former Prime Minister John Howard, Treasurer Josh Frydenberg and former Victorian Premier Jeff Kennett.

While acknowledging recent positive policy strides, the paper reaffirmed the challenge of meeting the National Waste Action Plan recycling targets, including 70 per cent of Australia's plastic packaging waste to be recycled or composted by 2025 when in 2017-18 only 16 per cent of plastic packaging was recycled.

Some key recommendations of the discussion paper include:

- **Strong policy changes** to ensure recycling is economically viable for a circular economy;
- a new **Plastics Reduction Offset Scheme (PROS)** to incentivise the greater usage of recovered materials in by a domestically-based manufacturing industry;
- a **50 per cent waste levy discount on residual waste materials** that burden the legitimate resource recovery activities of recycling companies, and;

ACOR CEO Pete Shmigel welcomed the recommendations. "New policy and unprecedented industry innovation and investment are starting to deliver more results-based recycling. But to get to the next level - such as the 70% plastics recycling target - we need to be prepared for further reforms that address market constraints, such as the difference between the cost base of imported virgin plastic and domestically produced recycled resin," he said.

"A Plastics Reduction Offset Scheme (PROS) where companies earn valuable certificates for using recycled content would increase demand for non-virgin plastic and make recovered material more cost-competitive over time. Unlike taxes that consumers ultimately bear, it is a positive and more affordable way to stimulate domestic manufacturing for an industry already generating 50,000 regional jobs," Shmigel said.

“Earlier this year, the Prime Minister noted at the Plastics Summit that only around 8 per cent of the \$2.6 billion collected in the last two years from Australians in waste levies was being reinvested by State and Territory governments in recycling infrastructure. On top of that, applying waste disposal levies on residual waste from legitimate recycling operations imposes high costs on domestic recyclers and remanufacturers, especially compared to overseas competitors who also have lower energy and labour costs, and restricts their own domestic infrastructure investment capacity.

“It’s truly unproductive to penalise and limit the capabilities of Australian companies that are being proactive and wishing to invest in recycling technologies, especially when there are public policy targets to meet and COAG-decided waste export bans to deal with.”

“What the paper proposes is a cross-funding arrangement whereby waste levies on residual waste materials are removed, such as the Queensland precedent, in return for Federal-to-State funding to the tune of around \$120 million, and commitments by industry to invest in new processing and remanufacturing technology and transparently accredit their operations.”

“Recycling is clearly on the State and Federal Governments’ agendas, and that is very welcome. However, the current policy conditions need to be evolved so that Australians can truly take full responsibility for their waste, as the Prime Minister rightly says,” Shmigel said.

“Recycling needs bold policies to match its bold targets and bold export bans, and we look forward to working with governments to make some of these recommendations a reality. It’s not only good for the environment, but further turbo-charges a home-grown manufacturing industry,” Pete Shmigel said.

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