

## ***Productivity Commission inquiry into the Waste industry***

### ***Introduction***

Compost SA is a strong supporter of the formal submission Compost Australia has made to the Productivity Commission's inquiry into the Waste Industry.

The Compost Australia submission clearly described the situation that currently exists in Australia. In particular it highlighted the widespread failure by the industry to reliably develop end markets for recycled organic material in equilibrium with the organic streams currently being sent to processors for recycling.

Compost SA is keen to build on the Compost Australia submission by highlighting the key issue of recycling infrastructure ownership. This document also proposes specific action which could be used to improve the viability of our industry and therefore ensure that Australia meets its targets for resource diversion from landfill.

### ***Background***

Governments throughout Australia are committed to reducing Greenhouse Gas Emissions. This is strongly supported by an increasingly environmentally aware Australian community.

Various state governments have made commitments to reducing recyclable organic material being sent to landfill.

Both of these commitments require organic recycling infrastructure.

In Australia this infrastructure is being provided by the private sector.

Internationally we see quite the reverse - with most organic recycling infrastructure being provided by government.

At the moment, the organic recyclers across Australia are generally unviable, with many unable to sell processed material.

Stockpiles are massively increasing around the country.

The soil in Australia is in need of recycled organic material to increase carbon levels and return much needed nutrients and micro-biology to our tired chemically amended soils.

We must increase our market development efforts.

Unfortunately, few companies have the resources to invest in future market development. Moreover, there is no time.

The processors are currently 'subsidising' the country's recycling program.



## COMPOST SA "Return it to the Earth"

### ***Proposal***

Compost SA proposes that we look at the viability of increasing the landfill levy and rebating some of this increase to the processors.

This could be used specifically to improve the country's infrastructure and importantly to develop end markets.

We would suggest that this could be phased out over the period it takes to bring the industry back into equilibrium.

The subsidy could start at \$10 per tonne, \$8 per tonne after 2 years, \$6 per tonne after 4 years etc.

In summary, there is widespread market failure in the organics recycling sector. This is not isolated to a few poor operators, but is instead a structural, industry-wide problem.

Failure to address this situation will result in the private sector being unable to deliver the infrastructure (conventional and in-vessel) required to deliver the governments' various resource recovery and landfill avoidance KPIs.

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