QUEENSLAND RECYCLING PTY LTD

Annual Review of Regulatory Burdens on Business – Social and Economic Infrastructure Services

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INTRODUCTION

Alex Fraser Group was established in 1879 as a steel merchant and over the past 130 years has diversified into recycling, demolition, remediation, asphalt and salvage. As an organisation we have been committed to leading the development of the recycling industry which is evident in our endeavours to pioneer concrete recycling in 1987 and then gaining certification for this material to be used in Victorian roadways in 1993.

The Alex Fraser Group companies now include Queensland Recycling, Fill Factory, Alex Fraser Recycling, Recycling Industries, Alex Fraser Demolition, Alex Fraser Environmental Solutions, Alex Fraser Asphalt, Recycle Bins and Alex Fraser Steel and Salvage. The group employ over 200 people, in Victoria and Queensland at seven sites including 5 crushing plants.

Today, the Alex Fraser Group is an extremely versatile and capable organisation, specialising in a number of fields based within the recycling/remediation, construction, demolition and civil works markets. This is demonstrated in its transportation and civil project work for the many large civil and infrastructure projects in Victoria and Queensland.
Such projects as:

- Gateway Motorway Upgrade
- Melbourne Western Ring Road
- QANTAS Brisbane Airport Maintenance Hanger project
- North-South Bypass Tunnel
- Australian Grand Prix Circuit
- Melbourne Metropolitan Water Board Projects
- Eastlink Ring Road
- Brisbane Airport Corporation
- the Fill Factory Facility Project
- Safelink Alliance
- Translink

The Company as a whole has been well recognised for its excellence in sustainable initiatives, business practices and project work. Alex Fraser has won in addition to the Gold Banksia Award, the Telstra/Victorian Government Small Business of the Year Award, the Victorian and National AusIndustry Manufacturer of The Year and the Prime Minister's Award for Environmental Leadership.

In 2006 AFG Managing Director Mr. Jamie McKellar was awarded an OAM for services to the community in development of the construction waste recycling industry.

Today, Alex Fraser is part of the global organisation - John Swire & Sons Pty. Ltd. - a diverse organisation with very considerable resources and parallel core values that have been established over the past 200 years.

PRODUCTIVITY COMMISSION SUBMISSON

Environmental regulatory issues

The Alex Fraser Group has always endeavoured to support and enhance the environmental integrity of the community through the very commercial activities that we carry out. The Alex Fraser Group have been at the cutting edge of waste management and recycling before it became attractive, beginning in the 1980's when environmental issues were a sad and poorly organised last ditch stand, and sustainability wasn't in the vocabulary.

While there have been many milestones along the way, and although the Group has always considered the inherent environmental benefits of in C & D waste recycling, it has not rested in the commitment and determination to support the activities of the Government, local, state and federal environmental protection agencies. Although the group's commitment and activity to serve and enhance the community environmental standards has been relentless the lack of support for our cause has been less than encouraging, in the following areas:

Introduction of World's best environmental facilities and practices.

When proposing a best practise paradigm shift in the establishment or change in configuration of recycling activities, that can only benefit the community and our environment there is difficulty in working with numerous government organisations. The operational and strategic objectives of our local, state and federal bodies are not always aligned with their desired outcomes yet alone with industry.

After investing a huge amount of time and effort (not forgetting money) it is frustrating that we as an organisation end up playing the role of mediator between government bodies in an attempt to have our approvals dealt with in a professional manner. We have experienced lengthy timeframes for gaining approvals on our sites, taking 7 years for a site in Queensland and more recently, 4 years for a site in Victoria.

Government agencies have not only been hesitant to work with industry to develop forward thinking proposals and embrace sound environmental management, it appears at times that they actively bring every conceivable barrier and action to eliminate such creativity. If government were to implement strategies to achieve their political targets and work with industry to achieve this then we could set this country decades ahead of the rest of the world in sound environmental and recycling technology.

An outline of the disparities within local, state and federal legislative boundaries is as follows, but is certainly not an exhaustive list of all the issues:

Legislative and licensing disparity including the following (See detailed submission pages 6-10) :

1. <u>Institution and Regulatory factors that impede optimal resource recovery performance</u>

Inconsistencies within various regulations, local laws and ordinances significantly hamper growth in the recycling and resource recovery market. Each regulation does not appear to be written with consideration to existing legislation, nor does it provide consistency within the industry itself. Areas of greatest concern to our organisation include the following issues:

- 1.1 Developing standard reference terms.
- 1.2 Equality of licensing and appropriate conditions.
- 1.3 Review of government procurement specifications.
- 1.4 Separation regulations for waste and recycling.
- 1.5 Removing barriers to market development.
- 1.6 Long term planning and siting for recycling operations.

2. No minimum standards.

2.1. Individual officers inexperienced in determining or interpreting legislation.

3. Resources being allowed to be sent to landfill, reducing recyclables.

3.1 No legislative constraint on businesses to favour recycling, when achievable.

3.2 Industry should be compensated for benefits generated to community.

4. Operators allowed to operate without licenses

4.1 Unlicensed operators allowed to operate without legislative oversight.

4.2 No environmental safeguards in place on unlicensed operators.

4.3 Cessation orders and harsh penalties required against unlicensed operators.

5. Recommendations for Change

While as a Group we applaud the sound requirements under legislation of the relevant government bodies, when it comes to the environment and as outlined below we ask that the following recommendations be considered and implemented. These will deliver greater transparency and optimisation of resource recovery efforts, as well as mitigating the impact waste disposal practices have on social, economic and environmental values in Australia for the future.

5.1 The establishment of a legally recognised environmental ombudsman's office that will have the legal instruction and capacity to make proper determination on legal activity, and the power to ensure enforcement of the law in relation to illegal or unlicensed operators.

5.2 Establish a national licence for the operation of recycling and resource recovery operations. As an industry we operate under different legislation, perform different tasks and produce a range of products to various standards. Regardless of each operator's specific focus within the industry, each business needs to be licensed to undertake any task, regardless of the volumes they process. And that all businesses working within the waste and recycling industries be required to display their licensing requirements, exterior to their premises so that the community can be assured that they are operating within the law. i.e. their Company name, ABN and all required ERA's and specific license number be displayed on signage at the front gate in view of public.

5.3 That details of businesses license provisions and requirements be made available to the public by way of government information similar to Australian Business Number detailed on ASIC website.

5.4 Develop National terms for 'waste', 'recycling' and 'resource recovery' to provide standardisation across all states, thereby providing clarity as well as a point of reference for these terms within all other regulations.

5.5 Develop regulations that identify secondary resources independent from existing waste categories. Once the opportunity has been identified and developed to recover a specific material from the waste stream as a secondary resource, then this material needs to be separated from the waste category. This will help ensure that all waste material that can be recycled is recycled, and mandated that it should be recycled to the maximum community benefit.

5.6 Identify and review regulations and/or product specifications that inhibit the use of recycled materials, providing that recycled materials are proven able to perform satisfactory in this market. That preference be given to recycled materials that have properly shown through Life Cycle Assessment (LCA) the benefits to the community. Recovered resources are often discriminated against as legislations are outdated by technology and the development of national standards for secondary resource materials will assist in removing these barriers.

5.7 Establish local planning protocols that assist the recycling and resource recovery industry by separating it from the waste industry (which is classed as obnoxious), to recycling, thereby allowing it to operate within suitable areas. Identifying, planning and lodging applications for the establishment of new sites is a costly and time consuming process and under the existing regulations, there are no established guidelines that if met, ensure a positive outcome.

To the recycling and resource recovery industry, location is imperative and hence, local planning zones must be established to accommodate this industry, if it is to survive. It seems strange that in this day and age, the recycling industry finds itself disadvantaged from delivering the optimum benefits, when the majority of Government policy is focused on promoting “sustainability” and resource recovery.

Detailed submission

1. Institution and Regulatory factors that impede optimal resource recovery performance

1.1 Developing standard reference terms

The terms '**waste**', '**recycling**' and '**resource recovery**' are possibly three of the most widely used and confused terms.

The terms are used to describe product impacts, value in materials streams and for the purpose of the waste management debate to describe refuse, recyclables and the inherent value of the commodity or perceived value in a stream. All Federal, State and Local legislation has different interpretations for the terms relating to waste, recycling and resource recovery

The recycling industry operates within a national framework however it must attempt to work with these individual interpretations and regulations. To remove the ambiguity, confusion and lack of consistency of the terms it is essential that the Federal Government provide the framework and clarity for state legislation and local bylaws to be developed.

Examples of the inconsistencies are:

- In New South Wales the terms are covered in the NSW Waste Minimisation and Management Act of 1995 and describes Waste as any substance (whether solid, liquid or gaseous) that is discharged, emitted or deposited in the environment in such volume, constituency or manner as to cause an alteration in the environment or, any discarded, rejected, unwanted, surplus or abandoned substance, or any otherwise discarded, rejected, unwanted, surplus or substance intended for recycling, reprocessing, recovery or purification by separate operation from which produced the substance or: any substance prescribed by the regulations to be waste for the purpose of the act;

NSW defines 'recycling' or 'recyclable' in its legislation as having two different meanings. In the Protection of the Environment Act 'Recycling' of waste means the processing of waste into a similar non-waste product whereas in the Resource NSW Waste Avoidance and Resource Recovery strategy of 2003 document the term recyclable - is documented as able to be processed and used as a raw material, for the manufacture through a commercial process of either the same product or another product.

- In Victoria's EcoRecycle's Towards Zero Waste Strategy the interpretation to the term 'Recyclable' is taken as: strictly applying to all materials which may be recycled, but in the case of the strategy document, EcoRecycle references the term specifically to recyclable containers as well as the paper and cardboard components of kerbside waste and excludes garden organics.

- In Queensland, the terminology is different to that of NSW, in that it is described within the State's Environment Protection Act of 1995, Section 13, Interim Waste Regulations, as being; Domestic, Commercial, Construction and Demolition, but remains unspecific to the actual terminology or specific items that make up the material streams.

In Queensland in the Interim Waste Regulations of 1996 recyclables are referenced to meaning clean and inoffensive waste that is declared recyclable waste under an application for an approval granted under section 369 of the act. However if one goes to section 369 no reference is made to reflect clarity in the term, except to state that Local Authorities are to license waste collectors.

Construction and demolition wastes contain real resource value, materials streams capable of enhancing the environment, yet every single piece of Australian legislation refers to the stream as a waste. In doing so, this immediately decreases the value of a real resource and places an unnecessary burden on the industry.

Standardisation and clarity to the terms must be a mandatory outcome from the enquiry. Not all waste should be viewed as a resource or that contains recyclables capable of recovery. Streams such as construction and demolition generated wastes that have inherent value, should be profiled as such and given the legislative and regulatory support to fundamentally enhance the real opportunity for recovery.

1.2 Equality of licensing and operating standards for all waste transfer and recycling facilities nationally.

Standards across Australia for the licensing of Construction and Demolition waste facilities vary. In Victoria, a specific licence to operate is not required but development and other planning models apply to siting of the facility. In South Australia all waste or similar facilities must be licensed and all operators are required to operate under the same guidelines. In Western Australia any facility reprocessing more than 1000 tonnes of product, must be licensed to operate.

In New South Wales facilities processing more than 30,000 tonnes per annum or 150 tonnes a day are required to be licensed where as in Queensland a different set of standards apply and the processing quantity is 20,000 tonnes per annum.

An example of the variation and inequity in the rules, is that in New South Wales and Queensland where, operators handling or processing quantities less than 20,000 tonnes (QLD) or 30,000 tonnes (NSW) of waste product per annum, do not require any permit or licence to operate. Provided these organisations meet local town planning laws, for the use of the land their site is located on, there are no other governing factors for which they must operate within.

Operators reprocessing more than these quantities are required to obtain a licence and must submit the following prior to operating;

- ***Environment Impact Statement,***
- ***Town planning application,***
- ***Major Development Plans,***
- ***Compliance with Local and state regulations,***
- ***Community consultation and action plan,***
- ***Develop and maintain EMP,***
- ***Report to relevant authorities on all operational aspects,***
- ***Mandatory inspections by regulating authorities e.g. EPA.***

As an organisation and industry leader we support environmental monitoring to ensure compliance to the above requirements, as they mitigate the risk of environmental harm and impacts of the operation within the community.

Consistency in standards to licensing needs to be enforced across the entire waste, recycling and resource recovery industry regardless of the volume processed to enhance and uphold these economic, social and environmental values.

A national company such as the Alex Fraser Group, who works with all the regulatory bodies throughout Australia, struggles with developing standardised operational procedures due to the different protocols in existence within each state, resulting in a negative effect on the advancement of the industry throughout Australia.

The C&D recycling industry is no longer a fledgling industry. In order to meet Community expectations, a facility requires an enormous amount of capital and infrastructure. Government policy needs to reflect a certain benchmark that has to be achieved. There needs to be a level playing field, not different sets of rules for different operators as is currently the case.

1.3 Review of Government procurement specifications

Product specifications established and maintained by Local, State and Federal governments provide the greatest single barrier for the industry to overcome. Most specifications governing this industry are based on virgin material and not on performance.

Also required is a change in tender evaluation practices by local government, to allow meeting specifications on the basis of performance, as opposed to being a 'virgin' material. Being prescriptive on performance is naturally the consumer's right. However an equal opportunity for secondary resources to compete on performance should exist. This is especially the case where recycled content can outperform competing domestic and imported resources, but is not chosen because of 'waste' connotations. All materials should be selected on their ability to conform to a performance specification.

Consistency in standards of adopting the highest performance quality specifications is required across all levels of government.

1.4 Separation of regulation

Construction and demolition materials should not be regarded as a waste as they have a sustainable and real secondary value. Legislation treats this material stream as a waste and as such, places significant legislative and financial pressure on the industry.

As an example, in Queensland any company wishing to operate across a number of local authority areas, must be licensed with every individual authority and submit to each, annual records identifying the amount of waste transported across council boundaries and the destinations of same.

The same vehicle carting green waste and described as mulch or carting virgin aggregate out of a quarry, requires no licence, no reporting to Council and no material logs to be kept. Regulation of this type misrepresents the real issue, unfairly burdens business and is out of touch with real world outcomes. It polarises secondary resource recovery and unfairly treats a totally benign and inert product as a burden to society. This type of regulation reduces real opportunity to recover and commercially operate efficiently and as such, significantly reduces the opportunity to divert significant tonnages from landfill.

Secondary resource recovery should have its own section in stand-alone legislation federally driven and must not be confused as a waste.

1.5 Removal of barriers to the development of markets to the recovery of resources

Recovered resources are often discriminated against on the basis of being 'recycled', rather than being assessed on their performance. This is a significant barrier to local market growth. The development of national standards to assure secondary resource performance and allow comparison with other commodity choices is needed to overcome this barrier.

Additionally there are many subsidies available to primary resource production including diesel excise exemption, low cost electricity, tax breaks, accelerated depreciation and permission to dispose of materials on-site with no penalty, amongst others, to an estimated $5.7 billion per year as reported by Nolan ITU in 2001. These subsidies put secondary resources at a competitive disadvantage and should be removed or extended to apply to resource recovery.

1.6 Long term planning and siting for recycling operations

The future effectiveness of C&D recycling is dependent on the ability to locate facilities within close proximity of the feedstock and the market area. It is absolutely critical to the future direction of reprocessing and recycling operations that they be located in mainstream well planned out precincts and not isolated at the farthest boundaries of a metropolis.

To maximise the environmental and social benefits it is important that local planners and governments take responsibility for allowing these facilities to be sited correctly. They must understand and be cognisant that in any future urban and city development as a population increases, so does the waste.

The siting of these facilities should be recognises as an "issue of State significance", as indeed are quarries and landfills. There is absolutely no point in locating them "out in the bush", or located where they will incur higher transport costs, or will be unable to attract sufficient volumes of raw materials, because landfills are more convenient to get to. The hidden cost to the community in all this is the cost of road congestion and the carbon emissions from the trucks that transport material both ways. Each 30 tonnes load of material delivered in a truck & dog will burn 184 grams of carbon for every one kilometre of travel.

It has been a wide held view and strategy that we encourage back-loading of material, i.e. deliveries both ways, waste material to a recycling facility and processed product from that same facility. If recycling facilities are to be commercially viable and maximise the benefits to the community, they must be located close to both the raw materials and the end market.

More open consultative processes are required by both state and local governments to ensure the most effective and community acceptable locations are made available for the future siting of facilities, set aside for processing of secondary materials.

The community expects industry to maintain operating standards and compliance with environmental and social values, but all of this commitment is rapidly overturned and a new social acronym 'BANANA' takes place. In short this references a mindset in many communities referencing to 'build absolutely nothing anywhere near anything'.

Radical interference by minority groups with narrow points of reference can seriously affect a business planning process and undermines economic growth. Communities must be educated as to the values of the economic, environmental and social values of recycling and remove the myths by enlightening them as to why we do it, their level of responsibility and role that they play.

On an annual basis value added recycling of concrete can provide enough material to construct many hundred kilometres of high performance roads, eliminate the need to further plunder millions of tonnes of virgin rock from our natural resources. Other environmental savings would include over 80,000 tonnes of carbon emissions from entering the atmosphere, save over 180,000 truck movements, or over 20 Million kilometres travelled. This is true sustainability in practise and should be applauded not regulated into obscurity.

2. No minimum standards.

2.1. Individual officers unexperienced in determining or interpreting legislation.

While all levels of government seek to spread the responsible message of environmental sustainability to the community, which we applaud. Certain sections of government bureaucracy through lack of staff training and lack of minimum standards allow staff to have waged what seems and can only be considered a guerrilla campaign against their own ideals and thwarting efforts to expand the cause of sustainability.

Some Local, State and Federal Government officers with little training in their areas of responsibility are setting terms and conditions of licensing or operation that have little bearing on reality and totally unattainable, when legislatively these conditions cannot be changed for a continuing approval. While they lack the knowledge and authority to discuss these issues intelligently and rationally, but have the authority to attempt to enforce without proper consultation, done in a timely manner.

3. Resources being allowed to be sent to landfill, reducing recyclables.

3.1 No legislative constraint on businesses to favour recycling, when achievable.

While we recognise and support the various government departments and their responsibility in the area of legislative control over waste management and the encouragement of recycling. However we see the need for greater determination by Governments to ensure that all recyclable material that can be recycled is recycled. Governments should openly and actively encourage through legislation that all recyclable material go for recycling only be registered or properly licensed recycling facilities.

3.2 Industry should be compensated for benefits generated to community

The benefits to the community should be properly recognised by compensation for legal licensed operators, while unlicensed operators are penalised for non-compliance with the laws already in place.

4. Operators allowed to operate without licenses

4.1 Unlicensed operators allowed to operate without legislative and structured oversight

While some officers over play their right and ability to dictate to licensed operators, in some cases they stand idly by while less reputable businesses flagrantly reject the notion of civic, commercial and legal responsibility and set-up and operate unlicensed, unsafe, and unscrupulous activity with no intervention to stop or at best put them on a similar footing. This therefore creating a huge impost on the responsible corporate citizen, and no penalty on the unlawful operator who cares little about the environmental nightmare they generate, the future economic disaster they swap for a quick, easy and immediate profit, not to mention the social upheaval borne out of ignorance and stupidity.

4.2 No environmental safeguards in place on unlicensed operators

The environmental safe guards put in place to protect the community, include environment impact statements, town planning application, major development plans, compliance with local and state regulations, community consultation and action plan, develop and maintain EMP, report to relevant authorities on all operational aspects and mandatory inspections by regulating authorities e.g. EPA.

4.3 Cessation orders and harsh penalties required against unlicensed operators

Unlicensed operators are allowed to operate without regard to the local, state and even federal laws with no stop-work orders or cessation of business, no penalties. In some cases remain open and given time to comply with watered down approach to the regulations and by laws set down for and operated within by all legal and licensed operators. Penalties must reflect community standards and where the environment and safety is concerned there should be little or no compromise.

The Alex Fraser Group – further background

Pioneers in Sustainability

The Alex Fraser Group has been industry pioneers, and has continued their leadership in all chosen fields throughout Australia and more recently in New Zealand. It was the determination to recycle as much C&D material as possible that drove the company into pioneering the recycled concrete industry in this country. This development saw the emergence of a sustainable industry and today the company is Australia's leading supplier of sustainable civil construction materials.

Reducing Carbon Emissions

A recent RMIT Life Cycle Assessment has shown that there are significant savings in carbon emissions when comparing a recycled concrete processing plant against a virgin rock quarry crushing plant. Reviewing conservative research shows that there are 65% savings in the carbon footprint for concrete recycling over virgin rock crushing.

Other Environmental Milestones

Recently the Alex Fraser Group celebrated recycling 20,000,000 Tonnes of concrete and C & D waste, the savings to the environment and carbon emissions equates to the amount of energy required to power the city of Rockhampton, for one year. The steel recovered from 20,000,000 tonnes through the concrete recycling process is enough to build nearly 4 Sydney Harbour Bridges or over 11 of Brisbane's Storey Bridge.

Alex Fraser Group brings some very real social and environmental benefits to Victorian and Queensland Infrastructure projects. Queensland Recycling is the largest C&D recycler in this state and its parent company the Alex Fraser Group, is Australia's largest C&D recycler. The two companies have achieved a capability with global applications – having developed the successful sorting and recycling of C&D materials into high performance, specified construction materials.

Recent statistics released by ACOR, Australian Council of Recyclers show that of the 9.4 Million tonnes of recycled material that ACOR members recovered from demolition sites and waste practices, the Alex Fraser Group recycles approx. one third at just over 3.1 Million tonnes, on an annual basis.

Alex Fraser Group has been able to achieve what other companies around the world have not, by turning very inconsistent raw materials into consistent high performance finished products, with seven major recycling facilities in Australia, and a current production capability of over three million tonnes per year. We have over twenty years experience in manufacturing recycled construction and demolition materials for the civil industry, many major freeway, civil construction and municipal projects utilise the groups' materials for their excellent performance and quality standards.

Queensland Recycling is another success story for the Group and its growth over the past 14 years has put Queensland at the forefront of environmentally sustainable practices in a national context. The business has in excess of 1000 clients who include large, medium and small demolition and civil contracting companies as well as local and state authorities. The company has material stockpiles and deals with construction and demolition (C&D) waste concrete, brick and asphalt materials generated on a daily basis and this ensures a steady supply of raw materials and important knowledge of future supply sources.

Summary

While this is a broad submission regarding regulatory burdens on industry, this company would be happy to proceed to more specific examples and frustrations. To put the Groups activity into proper perspective, over the last nearly 22 years the Alex Fraser Group has recycled over 20 Million tonnes of construction and demolition waste. If this entire amount was processed into high quality roadbase, from the recent research we have commissioned, from RMIT and ARRB the following are some of the environmental, social and economic benefits that respective communities could have enjoyed from Alex Fraser Group activity:

- **Constructed over 2,700 kilometre of high performance recycled roads (up to 20 X lifespan)**
- **Saved up to 42,000,000 tonnes of virgin quarried stone (depletion of natural resources)**
- **Saved up to 721,700 truck movements (made roads safer and less congested)**
- **Saved up to 81,400,000 km of travel in those trucks (reduced congestion and emissions)**
- **Saved up to $371,000,000 in material cost (saved the taxpayer up to $371 Million)**
- **Saved up to $376,000,000 in transport cost (saved the taxpayer up to a further $376 Mil)**
- **Saved up to a combined 18 - 58% of material and transport costs (or up to ¾ of a Billion $)**
- **Saved CO2 emissions of up to 322,780 Tonne (that's over 322 Million kilograms)**
- **Saved up to 454 tonnes of ethane emissions (further reduction to smog)**
- **Saved up to 164 tonnes of phosphates emissions (and considerable carcinogens)**

While our products have been used in many infrastructure projects and saved much, all the above benefits have not been fully realised because the recommendations of this submission have not yet been implemented.

We can however state that some of the major benefits to the environment have been realised and will be further enhanced by implementation of these recommendations, and a greater acceptance of the additional performance of the recycled product.