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Secretary
Senate Standing Committee on Environment and Communications
Parliament House
Canberra ACT 2600

Dear Sir

ACOR Submission on the Carbon Credits (Carbon Farming Initiative) Bill 2011

The Australian Council of Recycling (ACOR) welcomes the opportunity to make this submission to the Department of Climate Change and Energy Efficiency on the design of the Carbon Farming Initiative.

ACOR was established in 1983 and is Australia's peak industry association representing companies involved in resource recovery for recycling.

The recovery of resources for recycling makes a significant contribution to resource conservation and greenhouse gas abatement. ACOR members' operations currently account for more that than 85 per cent of all recycling in Australia, which translates to over 19 million tonnes of materials. This recycling is conservatively estimated to create more than 14 million tonnes of greenhouse gas abatement.

This potential carbon abatement benefit of recycling comes primarily from four aspects of resource recovery and recycling processes:

1) reduced embodied energy and associated greenhouse gas emissions from recycled materials versus their virgin counterparts
2) avoided emissions from the diversion of organic waste such as paper, garden, food and wood materials,
3) production of alternative fuels that displace the use of fossil fuels,
4) production of recycled organics that improve carbon content in soils.

The Carbon Farming Initiative has previously contemplated the 'waste' sector within its scope of eligible abatement project activities. This inclusion should not however be limited to the reduction of emissions from 'legacy waste' disposed of to landfill.

ACOR welcomes the provision for recognition of emission avoidance projects which are not confined to native forest protection or other sequestration projects. In particular, ACOR welcomes the provision for the recognition of eligible “emissions avoidance offset projects” where a determination has been obtained in respect of a methodology for emissions avoidance.

While ACOR supports, in principle, action to reduce emissions from legacy waste disposed to landfill operations, it is important that the eligible offsets projects under section 18 include the avoided emissions delivered by the resource recovery and recycling sectors as outlined above.

It is noted that the precise formula for calculating of the number of carbon offset units under a project will be determined by the methodology for an eligible offsets project approved by the Administrator under the Bill. A methodology will need to be developed for the calculation of tonnes of carbon abated for each tonne of recovered and reprocessed resource; namely aluminium, steel, glass, plastics, organic waste material, wood, paper/cardboard.

It is clear therefore that the recycling of materials with embodied energy will facilitate the saving of energy and the reduction of emissions through their reuse. Similarly, the diversion of organic waste from landfill should be recognised as an eligible abatement activity at the point of collection for conversion to products such as compost. Care should be taken however to ensure the Bill does not provide a perverse incentive to increase the disposal of organic waste to landfill beyond the legacy wastes already embedded in landfill operations. Since not all methane gas emissions from landfill can be fully captured, the diversion of such waste through recycling should be preferred over any new incentive to capture additional landfill emissions from prospective (as distinct from legacy or past) organics disposal to landfill.

A better and cleaner approach legislatively may be to define all resource recovery and recycling sector activity as an eligible offset project, with defined unit entitlements for the various materials recycled, and thereby encourage all ‘recycling as carbon abatement’ projects to garner the potential to monetise the carbon abatement that they deliver.

The recycling industry could then follow the process of project methodology development and approval to define the relevant rates of ‘credit’ applicable to each resource and thus gain access to carbon credits – in accordance with the same principles as other greenhouse gas abatement projects.

Specifically ACOR recommends that:

- the current market distortion favouring the landfill of waste materials be removed by ensuring the diversion of organic waste from landfill and the resulting avoidance of methane emissions as an eligible abatement activity
- ‘recycling for carbon abatement’ be included as an eligible offsets project in its own right under the Bill to allow all recycling projects the opportunity to monetise the greenhouse gas abatement benefits they deliver
- alternative fuel manufacture and use be enabled, subject to the relevant methodology determination, to credit the avoided fossil fuel emissions at the

end-user's site in addition to any waste diversion which avoids methane emissions

- a 'recycling for carbon abatement' methodology be developed by the Department of Climate Change and Energy Efficiency in conjunction with ACOR and the resource recovery and recycling industry.

ACOR believes that with the inclusion of such initiatives as recognised carbon offset projects under the Carbon Farming Bill, there will be a strong market incentive to deliver up to 46.5 million tonnes of additional greenhouse gas abatement through resource recovery and recycling activities. This level of greenhouse gas abatement, when combined with the abatement from existing activities, is estimated to be at least 10 per cent of Australia's current greenhouse emissions.

In addition to this carbon emission abatement benefit, the stimulus to the resource recovery and recycling industry would provide other significant benefits, such as additional employment and other environmentally desirable outcomes.

We look forward to the opportunity to contribute to the improved formulation of this policy initiative in discussions with the Committee of the Government in due course.

Yours sincerely
Rod Welford
Chief Executive