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## Submission to Queensland's Waste Strategy 2010 - 2020

The National Association of Charitable Recycling Organisations

August 2010

There is no doubt that without the recycling activities of the charitable recycling organisations (the proceeds from which fund welfare programs), both State and Federal governments would have significantly higher social costs in addition to an unmanageable volume of landfill, the management of which would be funded through increased taxes and a commensurate bureaucracy.

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## 1 About NACRO

NACRO, the National Association of Charitable Recycling Organisations, is the peak body representing a broad spectrum of charitable recycling organisations throughout Australia. The business of our members is to generate social capital through recycling activities to fund welfare programs. Indeed, millions of individuals benefit from the products, operations, and programs created by our members.

Members accept a myriad of donated goods including used clothing (textile waste) household goods, toys and books. The volumes are significant. Whilst there is little data available, through its efforts this industry diverts approximately 75 percent of the post-consumer textile waste from our landfills. <sup>1</sup>

NACRO provides a forum for the exchange of ideas, information and advice between member organisations; assisting them to continuously improve their recycling operations so that they can provide optimal funding for their charitable aims in the community.

NACRO advocates educating the community to donate goods responsibly to provide maximum profits for social welfare with minimum cost to the environment. It represents its members at a local, state and national level, when legislation affecting this industry is being drafted or reviewed.

In many councils, NACRO is the accredited body for clothing bins. An application for any placement of a clothing bin should be made to a given council and will only be approved if the owner of the bin is a member of the NACRO. Proof of membership is to be submitted with the application for approval. Approved bins must clearly show a label, as issued by NACRO, identifying that the owner is a member of that organisation.

Our members range from those that manage individual shops to the largest national charities that collectively run thousands of shops around Australia. Collection of second hand goods are either made by donations deposited into charity bins, thousands of which are located across Australia, and/or drop-offs directly to charity shops.

There can be no doubt of the important role these organisation plays in the community. State and Federal governments would have significantly higher social costs in addition to an unmanageable volume of landfill, the management of which would be funded through increased taxes and a massive bureaucracy.

Members of NACRO represent the following charities:

- Adventist Development & Relief agency (ADRA)
- Aid for the Blind
- Anglicare

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<sup>1</sup> The Textile Recycling Association in the United Kingdom

- Australian Red Cross
- Diabetes Australia
- Dunamis Community Care
- Endeavour Foundation
- Epilepsy Foundation
- Fusion Australia Ltd
- Learning Links Ltd
- Life-Gate Inc
- Lifeline Australia
- Lifeline Central
- Lifeline Community Care
- Living Water Uniting Church
- Mission Australia
- Orphans & Widows
- Paraplegic-Quadriplegic Association
- Paravin
- Presbyterian Recycling & Retail
- Rythms
- The Salvation Army
- St Vincent de Paul
- The Asthma Foundation of Queensland
- The Brotherhood of St Laurence
- The Smith Family
- Uniting Care Wesley
- Vincent Industries Inc
- Work Ventures
- YMCA Victoria
- Young Adults Disabled Association

## 1.1 What is post-consumer waste

Post-consumer waste consists of any type of garments or household goods (sheets, towels, glassware and furniture) that the consumer no longer needs and decides to discard, either because they are no longer of use, worn out, damaged, outgrown, or have gone out of fashion. Traditionally, the bulk of post-consumer waste has been of reasonable-to-good-quality garment that can be recycled by another user as second-hand clothing, much of which is sold to third-world nations. Clothing that is unlikely to be worn again is also potentially functional as it may be cut to produce industrial wiping rag or shredded into fibre to be reprocessed.

## 1.2 Recycle/reuse

The multi-billion dollar worldwide recycling industry performs a vital social and environmental function. The industry has no peer in terms of conserving the world's resources while the various stages of the recycling process provide significant employment around the world.

Garments or household goods can effectively be recycled by sale or gift to another user. Of the post consumer waste recovered by the charities, 60%

is items of clothing that can be reworn or reused and 15% can be torn into industrial wiper cloths. Disturbingly, 25% is unusable and sent to landfill.

## 2 The role of charitable institutions - recycling/reuse of post consumer waste

The organised recovery of post-consumer waste (mainly used clothing and household goods) in Australia is mainly undertaken by charities. According to an estimate from the U.K. based Council for Textile Recycling, nearly half of second-hand clothes discarded by the community are contributed to charities that either give them away or sell them at discounted prices in second-hand stores.

Through the efforts of the charitable recycling organisations, approximately 75 percent of the collected post-consumer waste is diverted from our landfills and recycled, and that the world's poorest are clothed.

Collection is by means of community donations deposited into charity bins, thousands of which are located across Australia, and/or drop-offs directly to charity shops. Given that the business of these charities is to clothe and equip those in need in the community and to generate social capital to fund welfare programs, these organisations don't classify themselves as waste collection agencies.

Whilst charitable recyclers operate within what is often termed the "social economy," they also play a significant waste management role within the community and are increasingly exposed to the shifts in community attitudes and waste management policies at all levels of government.

### 2.1 About the charitable recycling industry

In Australia (and Queensland) the organised collection of donated used clothing and household goods are mainly undertaken by charities. By world standards, it is an industry with distinct characteristics driven by the industry's reason for being. These characteristics also set it apart from the for-profit sector. It is a system through which thousands of tonnes of donated goods (including a portion of household post consumer waste) are diverted from landfill and redistributed to men, women and children overwhelmed by life's hardships, or sold to assist in the charitable works of the organisations that have invested in the recycling infrastructure. It is accepted by Australians as a traditional and valuable community service; the practice of donating to a local charity is almost a cultural norm for Australians.

Historically, the responsibility to redistribute clothing and household goods to those in need has fallen on the charities and the industry has evolved accordingly. Donations are mostly an act of goodwill and kindness by those who believe that their unwanted items may help others. It is only in recent years that this function has been acknowledged as "reuse and/or

recycling." Indeed, in an historical context, charitable recycling might indeed be considered to be the "mother" recycling industry.

The proceeds from charitable donations and their subsequent recycling or reuse finance and furnish community programs. Each charitable recycling organisation has a mission and works towards delivering a myriad of programs, the details of which can be seen in the annual statements of the many larger charities. Indeed, every day and in every state of Australia, charities assist tens of thousands of people through home visitation, migrant and refugee assistance, hospital and health services, prison visitation, aged care services, supported employment services for people with an intellectual disability, education for disadvantaged children, welfare assistance, hostels for the homeless, overseas relief, disaster recovery, budget counselling and youth programs and suicide prevention counselling. Advances in the diagnosis, treatment and understanding of epilepsy are partly enabled by the funds raised through charitable recycling; so too, employment and training opportunities provided to those with spinal cord injuries. Pathways to foster competencies for social interaction such as the mental health and addiction support workshops for the homeless are enabled by funds raised by charitable recycling.

**Certainly any regulation that undermines charitable recycling is self-defeating for if these programs were not funded, they would be abandoned and/or require public funding through state and federal tax and local government association rate sources.**

The industry includes the most recognisable global charities such as the Red Cross, the Salvation Army, the St Vincent de Paul Society and the Brotherhood of St Laurence (to name a few), in addition to smaller localised charities. All have invested appropriately (some very heavily) in the recycling infrastructure required to support their collection, sorting and reuse models. For the larger charities, this infrastructure includes a large network of collection bins, large sorting depots and an associated transport fleet.

Approximately 10.5kgs per person or 26kgs per household (of textile and household waste) is donated to Australian charities during 2008/09.

Charitable Recyclers are not-for-profit organisations that have been granted Deductible Gift Recipient (DGR) status from the Australian Taxation Office in order to operate recycling programmes for the purpose of emergency assistance and/or the supply of low cost clothing and/or the support of the charitable purpose of the particular charity or Public Benevolent institution. It is an important distinction, given the advent of for-profit companies entering the market

Enabling the process of redistribution, successive state governments have worked collaboratively with the charitable recycling industry for many decades through initiatives such as the charitable freight subsidy scheme. These programs recognise that charitable projects and initiatives strengthen disadvantaged communities and that voluntary involvement in

the provision of welfare services and activities within disadvantaged communities is an invaluable service.

The Queensland charitable recycling industry comprises a broad cross section of charitable organisations, ranging from national bodies to local church groups. Common to each is the collection of unwanted items donated by the community and business sectors, which are either:

- given by the charities to individuals, families or communities in need of welfare,
- given by the charities to victims in response to local and international disaster relief emergencies, or
- sold by charitable recycling organisations locally through opportunity shops; and exported (either directly or indirectly) to third world developing countries to generate income used to fund social welfare programs and services.

## 2.2 Changing policies and attitudes

Australians' attitudes toward waste issues are complex and constitute a barrier to improved resource recovery.<sup>2</sup>

In parallel with emerging regulation on waste management, has been a significant increase in the amount of unusable donations to the charities and dumping around donation bins and opportunity shops as households attempt to avoid the costs and responsibility of disposal. Unbeknownst to most councils, the charities bear the cost of collecting these dumped goods and the subsequent costs of transport and landfill fees. Though a cost, the charities have been tolerant of this because for the most part, the community is responsible and places good quality re-usable material into donation bins - the benefit has traditionally outweighed the cost. Despite the considerable volumes that the charitable recyclers divert from landfill, there is increased tension between the charities functioning "as usual" and council's efforts to manage waste in their communities. However, the introduction of uninformed policy and/or regulations that would negatively affect the income stream from the charities will logically result in a commensurate reduction in community services.

Whilst the practice of donating to charities is an entrenched Australian tradition with the baby boomers and "X" generations; an emerging challenge is the likelihood of disposal of their goods and/or selling those goods they deem worthy, in ways such as over the internet (i.e. on eBay).

A representative of the NACRO estimates that over 80-100 million kilos of textile waste is collected by Australian clothing recyclers through charity bins and donations. The point must be made that this collection is at no cost to the government and/or councils. Much of this can be reclaimed and recirculated through charity shops or reprocessed into functional

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<sup>2</sup> Hyder Consulting Pty Ltd ABN 76 104 485 289

textiles. However, 20 -25% is unsuitable for reclamation and is sent to landfill.

### 2.3 Exporting donated goods

There exists a healthy international market for second-hand clothing. In Australia, the major exporters of worn clothing and worn textile articles are the large charities such as the Smith Family Commercial Enterprise and Life Line. The multi faceted benefits of these exports cannot be underestimated. While ameliorating poverty in the receiving country, these shipments mitigate Australian land fill and at the same time as earning export income for Australia; the earnings for which provide Australian charities with social capital that is reinvested into welfare programs.

In Australia the two relevant tariff codes are as follows:

- 63090010 the description for which is "Worn clothing", and
- 63090090 the description for which is "Worn textile articles (excl. clothing)" which includes shoes, handbags etc.

The Australian Bureau of statistics records that in the above two tariff categories, approximately 50,000 tonnes is exported annually to 44 countries, most of which are in the third world. This equates to around 2,500 40 foot shipping containers. The major destination is the United Arab Emirates, no doubt for transshipment to gulf countries. Malaysia is the second largest importer of textile waste from Australia, with Pakistan and New Guinea running third and fourth. African nations such as Togo, Tanzania, Mozambique, Nigeria, Tunisia, Dem Rep of Congo, Zaire, Zambia, Benin and Malawi and all large emerging recipients of Australian charitable clothing donations; so too south pacific nations such as Papua New Guinea, Kiribati and Vanuatu, to name a few.

Regardless of their final destination, used textiles have a relatively stable and reasonable price that, like all exports is influenced by exchange rates and larger overseas competitors.

While second-hand clothing makes up a small part of global trade in textiles and clothing, for some countries it plays a more important role than for others. The trade supports hundreds of thousands of livelihoods in developing countries. These include jobs in trading, distributing, repairing, restyling and washing clothes. Oxfam's research in Senegal estimates that 24,000 people are active in the sector in that country<sup>3</sup>.

There is no doubt that without the recycling activities of the charitable recycling organisations (the proceeds from which fund welfare programs), both State and Federal governments would have significantly higher social costs in addition to an unmanageable volume of landfill, the management of which would be funded through increased taxes and a commensurate bureaucracy.

<sup>3</sup> The impact of the second hand clothing trade on developing countries; Sept 2005, S Baden & C Barber for Oxfam

### 3 Industry issues

Whilst the charitable recycling organisations are not-for-profit enterprises, they are subject to the cost structures of most businesses. Issues such as transport and landfill costs are significant. So too access and retention of skilled staff.

Again, like all businesses, the charities are subject to a common and complex supply and demand pressures. In good times, donations increase and demand is less. However in bad times, such as the current global economic crisis, supply reduces significantly as people cut spending and hold onto possessions and demand from those in need increases. At the time of writing, charities are reporting low donation levels due to the diversion of donated goods to the bushfire appeals.

Suffice to say that imprudent and/or stringent legislation has a profound effect on the operating environment with which these organisation function and, in turn, the income that ultimately funds welfare programs.

#### 3.1 Collection bins

Thousands of collection bins are located across Australia on council, school and church grounds. Bins are usually dispatched from a collection depot that services a designated region. Once full, the bins are emptied and the contents transported to a depot where it is sorted and graded before being sent to various charity shops according to quality and the need of the community. Quality and goods in demand are important factors.

Clothing collection bins remain the most effective method of facilitating donations by the public, accounting for approximately 70% of the total volume collected by charitable recyclers

Members of NACRO argue that a prominently located charity donation bin is currently the most effective method of collecting donations. Its advantages are:

- Convenience for residents
- Cost effective by having to collect from a limited number of sites
- Relatively little infrastructure is required

The disadvantages of the bin system are:

- The bin is unable to accept all types of donations people want to make
- Some residents do not follow instructions as to what type of donation is acceptable, thereby often creating an untidy environment around the bin
- Not all residents know about the donation bins and some are uncomfortable leaving their goods in the bin

##### 3.1.1 Councils pushing to eliminate collection bins

There are a number of acknowledged shortcomings to collection bins. They are often a subject of community complaints and thus have been the focus

of council debates for a number of years. The main concern is the negative appearance and diminished aesthetics as a result of material deposited around the bins located in public and private lands in public view.

Despite this system diverting tons of post-consumer goods away from landfill, and that the income from the donations finances a plethora of worthy community welfare programs, some councils have made the decision to disallow collection bins in favour of contracting kerbside waste collection to an independent facility management company. Any push by local councils to eliminate collection bins from their precincts and/or commission private operators will reduce the volumes going to charitable recycling organisations and would be effective in redirecting post-consumer waste (that would have been donated) to landfill. The end result being significantly higher social costs to local councils as the charities would be forced to downgrade services in parallel with any reduction in income streams.

Members of NACRO advocate strongly against any policy to eliminate collection bins by councils and are advocating for an innovative re-think of waste collecting methods to overcome these issues.

### 3.1.2 Commercial operators

In Australia the organised recovery of post-consumer waste by way of collection bins is mainly undertaken by charities, although in recent times a number of private commercial operators have entered the market. NACRO members report that private commercial operators do not have equivalent infrastructures and/or code of practice as the charitable recycling organisations. Indeed, members of NACRO report that private operators are known to place bins next to NACRO members and are less than efficient in clearing their bins and the surrounding debris. NACRO members are often called upon to take responsibility by disposing of the debris from private commercial operators.

## 3.2 Community awareness

Recovery of post-consumer textile waste is dependent on donations from the public. Australians' attitudes toward waste issues are complex and constitute a barrier to improved resource recovery.<sup>4</sup> The increased use of recycled materials in products and the increased recovery of material for recycling can be achieved with an educated public.

### 3.2.1 The cost of an ill advised community

The introduction of "pay-as-you-throw" charges for the use of a local dump or transfer station a few years ago coupled with community laziness, increased the amount of unusable donations to the charities as households attempt to avoid these costs. One large charity alone spends (annually - nationwide) approximately \$5 million on cleaning up waste which is mainly

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<sup>4</sup> Hyder Consulting Pty Ltd ABN 76 104 485 289

dumped on it, in one form or another. Of that amount, it estimates that approx. \$2 million goes towards landfill expenses, which is obviously only part of the overall waste cost it faces. On top of this, drivers are paid to remove rubbish from around collections bins and when received, they have the additional cost of sorting and sending and paying for landfill fees. It is estimated that the real cost to the charitable recycling organisations (including wages) is close to \$20 million per annum. There is no doubt that the cost of an ill advised community is a cost to the charitable recycling organisations. Any efforts to lessen this objectionable impost would be an intelligent and worthy undertaking.

**NACRO respectfully requests the Queensland government to consider implementing the following recommendations:**

- ***That the Queensland government encourage councils to allow NACRO members to continue their collections of donated post consumer textiles and household goods***
- ***That the government encourage councils to further enable this process by identifying additional locations for true charity donation bin placements***
- ***In consultation with NACRO and charitable recyclers, fund, develop and implement a strategy for public education to assist in responsible practices for charitable recycling***

### 3.2.2 The Charitable Goods Transport Subsidy Scheme

This scheme is utilized by that part of charitable activities that focus on the generation of funds through the reuse and recycling of textiles and other post consumer waste. These primarily involve inter and intra transport of surplus and raw treated product between charities.

Consequently, there are significant environmental benefits associated with this function, particularly in relation to landfill diversion, which is consistent with stated intent and policy of the Queensland Government.

However, should the current freight service provided by the Queensland Government through QR National has been under review for the last 2 years and will expire on 31 December 2010. Should this subsidy be discontinued, most of the product currently moved via this facility will be redirected to landfill. Given the high volume and relatively low value of these goods, the impost of any freight costs will make intrastate movement unviable.

**Our estimate, as far as Queensland Charities are concerned, is that an additional 2 million kg of otherwise reusable product will go to landfill.**

This service recognises that charitable projects and initiatives strengthen disadvantaged communities and that voluntary involvement in the provision of welfare services and activities within disadvantaged communities is an invaluable service. To be eligible to participate in the program, an organisation must be either a registered charity or an exempt body (mainly religious organisations).

NACRO assures the government that any reduction or abolition of the subsidy arrangements will reduce the charities' ability to provide welfare activities in rural areas and will contribute to a significant increase in textile waste being moved to landfill.

***The members of NACRO advocate for the Queensland government to play a role to develop a sound policy on the Charitable Goods Transport Subsidy.***

***NACRO also requests that the responsibility and administration of the Charitable Goods Transport Subsidy Scheme be transferred (away from QR National) to the Queensland Government to provide certainty to Queensland Charities now and in the future***

## 4 Comment and Recommendations

### 4.1 Waste Avoidance and Recycling Draft

- "Engagement and Education are fundamental to achieving behaviour changes... stakeholder buy in and ownership is essential... the Queensland Government is proposing to establish a Stakeholder Advisory Committee (SAC) to provide advice to the Minister...and DERM on waste and resource management priorities for Queensland." <sup>5</sup>

***NACRO Qld seeks representation on the Stakeholder Advisory Committee (SAC).***

- "Should we have a landfill diversion target... If so, can you suggest an appropriate diversion target..." <sup>6</sup>

***NACRO Qld recommends that the incorporation of the amount of textile product currently being diverted from land fill (2 million kg) through charitable recycling made possible by the Charitable Goods Transport Subsidy Scheme be recognised as a possible starting point for an appropriate diversion target.***

- "Action 2 – State-wide litter prevention strategy

<sup>5</sup> Page 27, Waste Avoidance and Recycling Consultation Draft, 3.4 Engagement, information and knowledge management

<sup>6</sup> P33, Waste Avoidance and Recycling Consultation Draft, Disposal, Setting Targets

- Introducing a public reporting system for littering from vehicles<sup>7</sup>

***NACRO Qld recommends that the reporting system includes illegal dumping from vehicles in and around Charity Collection Bins***

#### 4.2 Proposed Industry Waste Levy Consultation Draft

- **Levy Exemptions**

- Waste that has been received by charities as part of donations

"Some exemptions will be conditional. For example, charities may be required to apply for a levy exemption certificate, with a limit set on the number of exemption certificates that may be issued to any particular organization...

Application would be required to be made in advance of disposal. A system may be established where an organization may apply for an exemption certificate that covers the organization for up to a specified number ... of disposals levy - free per year

The exemption system will be reviewed regularly and changes made as appropriate..."<sup>8</sup>

***NACRO Qld recommends that exemption certificates be issued to Charities based on a number of factors including:***

- ***established landfill diversion quantities from existing operations, regional landfill capacity and***
- ***the cost to existing social welfare programs resulting from the imposition of Industrial Waste Levy charges as a result of the insufficient availability of exemption certificates***

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<sup>7</sup> P 34, Waste Avoidance and Recycling Consultation Draft Actions

<sup>8</sup> P4, Proposed Industry Waste Levy Consultation Draft, Levy Exemptions