



Inquiry into Recycling and Waste Management

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Terms of Reference

- 1. The responsibility of the Victorian government to establish and maintain a coherent, efficient and environmentally responsible approach to solid waste management across the state, including assistance to local councils;**

Local government is responsible for the management of municipal waste through the delivery of kerbside collection and transfer station services, however emphasis needs to be given to the other two tiers of government and their responsibilities in waste management.

There are a number of state government agencies involved in waste management – DELWP, SV, EPA and seven waste and resource recovery groups, however all of them, with the exception of EPA, quickly relinquished their involvement and responsibilities during the recent SKM closures, in the belief that waste management was a local government responsibility. There was a need for state government to show leadership in the state-wide crisis, given that SKM processes over two-thirds of the state's recycling. Furthermore little communication was provided to Councils by EPA to inform them prior to and during the enforcement action. Many small and medium sized Councils lack the resources both technically and financially to be able to deal with this type of state-wide service disruption on an individual basis.

State government has a role to play in infrastructure planning and investment, market development, regulation, education, advocacy and local government support.

Infrastructure planning and investment-

There has been under investment of the landfill levy to allow for the upgrade and development of recycling facilities in Victoria, in order to keep up with our growing population and waste generation. Victoria's incapacity to process current and future recycling tonnages was highlighted during the recent closures, as there were inadequate alternatives available resulting in the majority of recycling going to landfill. The state government needs to establish a stronger position in infrastructure planning and investment.

Market monitoring and development-

Changes in the China National Sword policy and other Country's importation policies highlighted the need for monitoring and development of recycling markets. Individual Councils cannot and should not be expected to be involved in recycling market intelligence, it would be inefficient and outside local government resources. This is a role state government should coordinate and manage, feeding intelligence back to Councils and other relevant agencies. State government investment into market development is required, as currently the recycling system is extremely vulnerable to offshore markets and

low domestic uptake. Investment into research, development and onshore processing and manufacturing would assist with end markets for materials.

Regulation-

Councils are supportive of EPA's role as an environmental regulator and welcomed the introduction of the stockpiling guidelines for combustible materials. More resources need to be invested in the investigation and monitoring of waste and recycling facilities within the state to ensure they comply and continue to comply with the guidelines. It is suggested that even more needs to be done to regulate resource recovery facilities, such as licencing. It is interesting to note that industry players themselves have suggested increased regulation is required through mechanisms such as licencing. Such mechanisms would allow for more accountability and transparency about their operations. Currently the state government expects transparency to be bought about through contracts however other more appropriate mechanisms can bring about increased transparency in the industry.

As previously discussed, timely information sharing between agencies and local government regarding facilities not meeting or close to not meeting the guidelines is necessary. It would also have been beneficial for Councils to not have to rely on the industry to advise them of non-compliance and progress towards achieving compliance, as this can be ambiguous. EPA is the regulator and can provide accurate information in a more timely manner.

Education-

State-wide education is vital to a successful waste and resource recovery system. It allows for consistent messaging and coverage of state-wide media such as television and radio. The state government has a vested interest in ensuring the public are well educated to increase participation, resource recovery and avoidance of waste.

Advocacy-

The state government plays a role in advocacy for driving waste management issues and priorities up to federal government. We call on the Victorian Government to be advocating to federal government for national product stewardship schemes and banning single use and hard to recycle materials.

2. Whether the China National Sword policy was anticipated and responded to properly;

Councils were first alerted to the China National Sword policy when they were approached by their processing contractors requesting an increase in the processing/ fee to cover the changes to importation markets. For our Council, we had been getting paid for our recycling tonnage as part of a long term contract, so it was a large scale shift to be faced with having to pay for recycling.

This highlights the need for monitoring of recycling markets, which we believe the most efficient way is for state government to coordinate and feedback intelligence to Councils and other relevant agencies.

Councils responded within their means, by reviewing their contracts and seeking legal advice and representation to negotiate the contractors' requests. Our Council contract includes four other G21 Councils, so we worked together to negotiate and develop contingency plans. It is remiss of state government to put so much emphasis on collaborative procurement being able to reduce risk and improve the recycling industry, as we are part of a long standing collaborative contract within our region and it did not remove us from the external factors and risk of the recycling market changes.

Processors in Victoria have traditionally paid Councils for recycling which results in a reduction/subsidisation of the service provision cost for residents. When the market

adjustment took place, it was disappointing that the state government only offered Council short term relief funding (three months). There was no foresight to tackle the issues around Victoria's processing capacity at that time, which was then brought to the forefront during the SKM closure. The SKM closure brought about significant cost implications for Councils. Our Council had no option but to send recycling material to landfill for three weeks. Should this situation repeat itself, there is still currently no alternative for our recycling to be processed and kept out of landfill. Small rural Councils who do not operate a MRF or landfill site are disadvantaged as they are at the mercy of operators determining if they have capacity to accept additional material and setting their gate price accordingly, placing these Councils under significant financial stress.

3. Identifying short and long-term solutions to the recycling and waste management system crisis, taking into account:

a) The need to avoid dangerous stockpiling and ensure recyclable waste is actually being recycle

Increased resourcing for the EPA Stockpile Taskforce is required in order to regularly visit and monitor all waste facilities within Victoria, rather than relying on desktop reviews and infrequent site inspections. Introduction of licencing for MRFs (Material Recovery Facilities) would require regular site visits as well as independent auditing and reporting. Transparency around where materials are going after being processed can be a requirement of the licence and are easily enforceable by the EPA. Councils under existing commercial contracts have no ability to either monitor or enforce transparency requirements.

b) The cleaning and sorting capabilities and the processing capabilities in Victoria and the potential to expand the local recycling industry

The recent crisis highlighted the state's reliance on a small number of recycling processing contractors with limited capacity. There is significant need for state investment in upgrading and building new recycling infrastructure to cater for increased waste generation and population. Introduction of a container deposit scheme would also result in improved sorting and processing. With a state and federal government push to reduce waste to landfill including deterrents such as the landfill levy, cost and ongoing community education, there will undoubtedly be a corresponding increase in recycling material that requires additional infrastructure in order to be processed.

c) How to better enable the use of recycled materials in local manufacturing;

Investment into research, development and specifications for recycled products will increase market appetite and certainty around using these products. Subsidisation or incentivising the manufacturing and purchasing of recycled products would also create product demand. Inclusion of local, state and federal recycled content procurement targets/requirements will also serve as market drivers.

d) The existing Sustainability Fund and how it can be used to fund solutions to the waste crisis;

The Sustainability Fund needs to be reinvested in resource recovery programs including;

- Infrastructure planning
- Infrastructure investment
- Onshore market development and manufacturing
- State-wide community education program
- Incentive schemes for the community to participate in waste avoidance, reduction and recycling
- Increased resources for regulatory agencies
- Subsidisation or incentivising the manufacture and purchasing of recycled products

4. Strategies to reduce waste generation and better manage all waste such as soft plastics, compostable paper and pulp, and commercial waste, including, but not limited to:

a) Product stewardship;

Product stewardship is a well proven program to incentivise resource recovery, such as DrumMuster domestically and many other programs implemented internationally. The programs must be mandatory as voluntary schemes rely on goodwill and end up falling over, such as used oil container recycling. The programs must require upfront subsidisation of managing the waste product at end of life, so that the cost burden does not end up with local government and in turn ratepayers. It also makes the manufacturer more accountable for the product they make.

b) Container deposit schemes;

Victoria and Tasmania are the only states yet to commit to a Container Deposit Scheme (CDS). CDS would allow for these materials to have more value and end markets. Local government would need to be consulted about the implementation of a scheme. These schemes also provide additional social and economic markets for communities and “not for profit” organisations.

c) Banning single-use plastics;

Single use plastics are growing at an alarming rate and have substantial negative environmental impacts. Banning the manufacture and importation of such products will result in reduction of waste to landfill and innovation in more sustainable packaging.

d) Government procurement policies

As previously indicated in our submission, local, state and federal procurement policies and targets for recycled content materials are necessary to drive investment and end markets for recycling.

5. Relevant reviews, inquiries and reports into the waste and recycling industry in other Australian jurisdictions and internationally

No response

6. Any other related matters

In any review of a process, system or delivery of a service that has failed and continues to be unstable we also need to look at other alternatives for the industry as a whole. The current individual Council based service delivery model provides multiple delivery options and services for the same product dependent on the resources, ability and appetite of each Council, which is confusing and frustrating to ratepayers. Two streets or suburbs next to each other can have different collection services such as different waste stream options, collection frequencies, bin sizes and colours dependent on municipal boundaries. People moving from one suburb or town to the next will receive a different level of service as well as significant variations in service delivery charges.

There has been much industry discussion on whether the responsibility of delivering waste and recycling services should be removed from local government and managed by a separate government agency that would need to be formed.

This would have significant benefits including:

- Identification of waste management as an essential service, no different to provision of water
- Delivery of consistent waste management services across the state

- Industry control and management
- Improved economy of scale, leading to more cost effective service provision
- Uniform pricing for all residents and greater ability to subsidise smaller communities for better environmental outcomes
- Consistent community education program able to be delivered state-wide
- Ability for better emergency management and response. Greater scope to implement contingency plans on a state wide basis.
- Opportunity for greater resourcing into research and development.
- Ability to focus on a coordinated approach to individual waste stream management and react quickly to changes in the markets as a single entity
- Drive product stewardship
- Efficient and effective use of the landfill levy which would be directed to this new entity