



Victorian
waste management association

Environment and Communications Reference Committee

ec.sen@aph.gov.au
By email

October 17, 2017

Dear Sir/Madam

Inquiry into the Waste and recycling industry in Australia

The Victorian Waste Management Association (VWMA) is the waste division of the Victorian Transport Association, a not for profit industry association. The VWMA represents over 130 Victorian based waste and resource recovery companies and provides advice and services to member companies on a range of environmental, industrial and occupational health and safety issues. The Association also provides an industry voice in the sector's dealings with Government, the wider waste industry and the community.

The sector is diverse comprising large multinational companies, public and private national businesses and small localised operators as well as local governments running their own services either directly or through corporatized entities. This diversity of ownership and operation results, we believe, in an efficient, competitive and customer focused industry.

The VWMA is pleased to provide the following insights into the industry. While we understand the community's desire for the industry to be regulated by Government (generally through the state EPA's) to achieve environmental outcomes and protect human health, an increasing regulatory environment may have perverse outcomes by disincentivising investment, discouraging competition and encouraging more small time operators to enter the market who do not abide by the same rules.

This submission will elaborate on these issues and outline what the industry sees as the role of Governments to encourage investment, create jobs and divert waste from landfill.

a) [The quantity of solid waste generated and the rate of diversion of solid waste for recycling](#)

Solid waste generation (SWG) from municipal sources is a function of population growth and economic conditions, SWG from commercial and industrial activities is a function of economic growth and building activity. With Australia's population increasing at 1.4% per annum which is above the OECD average and the amount of waste generated according to the [National Waste Policy](#) is greater than population growth.

However, the good news is that the amount of recycling from the waste continues to grow at a faster rate than it is being generated. Total waste recovery in Victoria is running at 66% while the current rates for C&D waste and C&I waste are well above 70% with household municipal solid waste (MSW) about 45-50%.

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Victoria in addition to its [Statewide Waste and Resource Recovery Infrastructure Plan](#), the policy roadmap to identify how waste/recycling is to be managed through the siting of waste facilities and transfer stations, also has specific policies for problem materials such as organics in the municipal stream.

The latest Sustainability Victoria report on recycling "[Victorian Recycling Industry Annual Report 2014-15](#)" highlights the factors which influence recycling including more infrastructure for organics and processing capabilities for other materials such as aggregates and soil and even glass.

b) the accreditation and management of landfills

Landfills in Victoria are regulated by the Environment Protection Authority and there has been a program to close smaller (regional and rural) landfills that do not meet the EPA's Landfill Waste Management Policy requirements. The introduction of the policy to build landfills to best practice has resulted in higher preparation costs for landfill cells. The EPA maintains oversight of closed landfills through their post closure program.

c) the extent of illegal landfilling

Illegal dumping is a function of laziness and ignorance, economic (aversion to paying the landfill fees) and availability of open space to deposit material. It is an opportunistic activity that may involve residential households or small construction businesses as likely offenders. Where it is systemic and deliberate (opening up an illegal tip or sorting facility), it is more likely to attract state authorities and their enforcement capabilities, however it can be difficult to identify perpetrators or prove ownership. People don't like paying for the true costs of disposal and/or not be totally across the fate of their waste when they pay for it to be taken away.

Asbestos because of its ubiquitous nature is one product that causes significant angst in the community when it is improperly handled. In rural and regional Victoria, there are fewer disposal options as local government are highly risk averse to accepting the material at their transfer stations or council run landfills and private landfills that do accept it, are subject to charging the EPA levy (in addition to a gate fee). Open spaces and road sides are vulnerable to resultant illegal activity. This has certainly been evident on the rural fringes of metropolitan Melbourne.

The VWMA supports the work of the Victorian EPA and their illegal dumping taskforce to address illegal dumping. One suggestion often raised with respect to asbestos is that if was a zero government levy associated with its disposal and more drop off points provided, this would encourage correct handling of it. The VWMA would support such an initiative.

d) the role of landfill levies in determining the end destination of material including the hypothecation of collected levies for enforcement and waste diversion purposes

Landfill levies were introduced to improve resource recovery, develop new industries and slow the rate of landfill deposition. There is no doubt that they have been successful in achieving these aims, but where is the justification for ongoing increase of levies as they have become a blunt economic instrument rising to a level that encourages alternatives. In the case of NSW, they have caused diversion from NSW landfills to Queensland landfills where there is no levy, in northern rural Victoria, it has possibly generated some diversion to

NSW rural landfills where there is no levy.

In the UK, the landfill levy is the same across all of England, in Australia, the differential promotes this movement of material where it is economically viable to do so. Until State governments agree on a consistent approach with regards to a levy, the movement of waste material is unlikely to cease, despite attempts by EPAs to introduce other regulations. There is no doubt that business has exploited the levy differential but while the VWMA does not support the interstate movement of waste purely to exploit the differential, it supports the right of business to make legitimate business decisions. We believe it (transfer of material to Queensland) is a lesser occurrence from Victoria where the landfill levy is half that of NSW and the greater distance from Queensland reduces its economic viability.

The VWMA is not in favour of hypothecation of Landfill levies. Rather we believe that the money currently being held by State governments form a pool of funds for low interest/subsidized business loans to create new markets for recycled and waste materials, inspire innovation and technological change.

e) the role of different incentives and collection methods in determining the quality and quantity of material collected for recycling

Local Governments are responsible to ensure residents comply with recycling protocols Awareness and education need to be vigorously prosecuted. The VWMA accepts that punitive measures for not properly undertaking a voluntary activity generally do not work. The complexity of materials and the different materials collected by council recycling can be confusing to residents, especially to renters who have less ownership of recycling than longer term residents.

Collection methods have developed to provide the simplest, efficient method to households and reduced manual handling exposure for the industry. Infrastructure is now all geared to handle comingled recycling. Separation at source (ie by the householder) requires significant more resources and space and reduces the economics of the activity. Contamination of comingled bins is an issue which is not helped we believe, by the propensity for local government to offer smaller and smaller bins.

f) the destination of material collected for recycling, including the extent of material reprocessing and stockpiling for collected material

As Sustainability Victoria's annual industry recycling report 2014-15 points out over 80% of Victoria's recovered material is re-processed and consumed in Victoria. This is particularly so of the heavier C&D material (bricks, masonry and soil) which have always been consistently recycled because there are local markets for the material and it is too heavy and low value to transport any distance. The above mentioned report suggests that recycling activity in Victoria is continues to develop. It is certainly the industry's experience anecdotally that the market is healthy.

Export markets for recycled material account for approximately 16% or a bit over 1.25million tonnes material and have held up relatively well. Fluctuations in this market occur due to demand for the commodity and the exchange rate. If as reported, overseas demand for exported paper and plastic is going to be restricted, there may be impacts on these materials and until new markets are found, stockpiling may result.

Stockpiles are a necessary part of recycling to ensure constant supply for processing. "Just

in time” doesn’t work for recycling.

The fire at the recycling plant in Coolaroo in Melbourne which generated significant interest in the sector burnt material from households that was waiting to be processed due to reduced processing capacity at the plant. The stockpile was not as a result of poor prices or economic conditions (oversupply of material) as has been claimed.

In response to the fire, the EPA and fire services have enacted guidelines to prescribe storage and are working with the industry to limit any future fires. The VWMA has been involved in the development of the guidelines and supports their introduction to allay community concerns.

[g\) the current economic conditions in the industry, including the market for material collected for recycling](#)

According to industry feedback, the Australian market for recyclables remains healthy and the latest advice is that overseas markets also are generally doing ok. See answer to g)

[h\) the transportation of solid waste across state boundaries](#)

The VWMA believes business should be allowed to make commercial decisions based on current laws as the Australian constitution permits free trade between States. While this may be an ethical issue, business should be able to operate with existing laws.

The cause of movement of waste material between States reflects the various landfill levies imposed by the States and it is instructive that the cost of the landfill levy in some jurisdictions have reached a point that makes it cheaper to move material out of the state of origin.

While the VWMA is not advocating the end of landfill levies, we believe it shows that landfill levies which are meant to support recycling, are now being used as a blunt tool of revenue collection by Government. The loss of confidence by the public in the role of the landfill levy, will ultimately undermine recycling as people look for cheaper ways to dispose of waste. One way to reduce the movement across State borders would be to reduce the landfill levy to less than the costs of transport. Another way would be to introduce a consistent levy across all jurisdictions.

[i\) the role of the Australian Government in providing a coherent, efficient and environmentally responsible approach to solid waste management, including a federal approach](#)

The Commonwealth Government can play an important role in providing a coherent policy in supporting the key principles of resource recovery and assisting and supporting the states to achieve a consistent and national outcome particularly where it improves business efficiency.

The VWMA does not support the Commonwealth in establishing another layer of regulation over existing state based laws.

Yours Sincerely
Andrew Tytherleigh
Executive Officer